JPRS-WER-86-103 17 OCTOBER 1986

West Europe Report

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WEST EUROPE REPORT

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SCHLUTER GOVERNMENT POPULARITY FOUNDERS ON BAD ECONOMIC NEWS

Prime Minister On Poll

Copenhagen BERLINGSKE TIDENDE in Danish 31 Aug 86 p 1

[Article by Ole Dall]

[Text] Only 19 percent of the voters find that the government has done a good job, and that is a record-low figure for the Four-Leaf-Clover government. Prime Minister Poul Schluter (Conservative Party) finds that the balance of payments problems at present eclipse the results of the government in other areas.

"I am looking forward to seeing the next poll!"

This was Prime Minister Poul Schluter's immediate comment on today's Gallup poll, which shows a dramatic drop in the popularity of the government.

Only 19 percent of the voters find that the government has done a good job. Only 6 months ago, 37 percent of the voters had this view. Forty-two percent of the voters find that the government has done a fairly good job, while 30 percent find that it has not done a good job.

The voters have never before given such a negative evaluation of the Four-Leaf-Clover government. The poll was taken in the early part of August

On the declining popularity of the government, Prime Minister Poul Schluter tells BERLINGSKE TIDENDE (Sunday edition):

"We have reached a stage where the fact that we have not yet managed to solve the balance of payments problem among some people overshadows the big results which the government has had in other areas.

The 185,000 new jobs, the fact that the enormous budget deficit was eliminated and we now have a budget surplus, the fact that we have provided increased job security, etc. These things are today regarded as a matter of course--and

perhaps they are under the present government -- but that is not the way it used to be."

The prime minister adds that "when the same government, whether nonsocialist or socialist, has been in power for 4 years, some voters become tired of the monotony." He, moreover, points out that the poll was taken before the government had presented its policy to the new session of the Folketing.

Poul Schluter, finally, asks for a poll on how the opposition parties have been doing--"the results of such a poll may be even worse."

"At present, the focus is very much on the balance of payments, but I think that most voters will realize that it will be entirely impossible to solve this problem under a coalition of the Social Democratic Party and the Socialist People's Party," he says.

Poll Shows Steady Drop

Copenhagen BERLINGSKE TIDENDE in Danish 31 Aug 86 p 5

[Text] Gallup Poll

The debate of the summer, time or perhaps the government's difficulties with the continued foreign debts, seem to have eroded the popularity of the government.

The popularity of the government is now at a considerably lower level than it was at the time of the last poll in February of 1986.

At intervals of 6 months--apart from times when special events call for polls-the Gallup Institute undertake consecutive polls of the opinions of the voters of the current government.

In these polls, a representative section of the electorate, comprising approximately 1,000 respondents, is asked the following question:

"Do you find that the present government has done a good job, a fairly good job or not a good job during its period in power?"

The first poll is usually carried through about 3 months after the new government has taken over, and the first poll on the Four-Leaf-Clover government was thus carried through in the early part of December of 1982.

The most recent regular poll was carried through in the early part of August, and the following table shows the results of that regular poll for comparison with the previous polls on the popularity of the Four-Leaf-Clover government.

The Schluter government has been doing:

		Well	Fairly Well	Not Well	No Opinion	Total
		Z	Z	Z	Z	2
December	1982	28	36	23	13	100
March	1983	38	39	15	8	100
September	1983	43	39	12	6	100
March	1984	34	40	21	5	100
September	1984	34	42	18	6	100
March	1985	30	42	21	7	100
August	1985	30	42	20	8	100
February	1986	37	36	20	7	100
August	1986	19	42	30	9	100

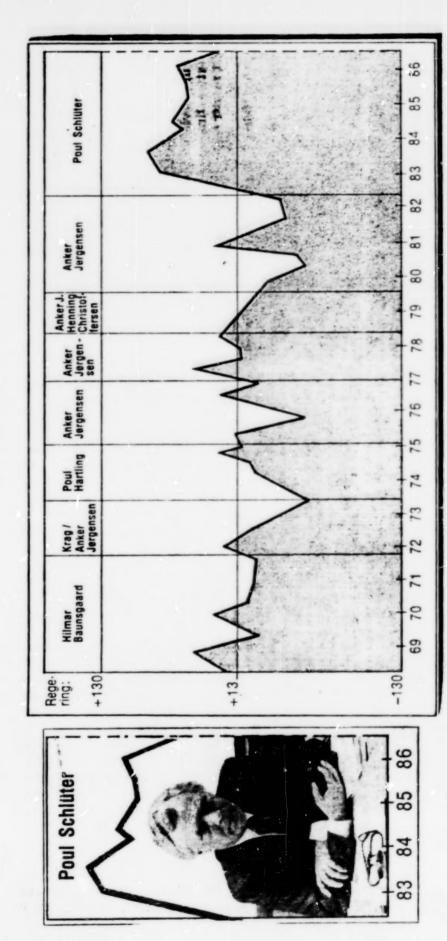
As will be seen from the above table, the popularity of the government is now at its lowest level since the Schluter government came into power in December of 1982. And the sharp decline in its popularity is particularly apparent from the fact that the number of voters who find that the nonsocialist government has been doing well has dropped by 50 percent from 37 percent to 19 percent, at the same time as the number of voters finding that the government has not been doing well has increased relatively by 50 percent, viz. from 20 percent to 30 percent.

To facilitate the comparison with polls on previous governments, the following graph shows all polls back to the Liberal, Conservative, Radical Liberal coalition government in 1968.

Each poll has been converted to a figure (score), and the answer "well" has been given the numerical value of 2, the answer "fairly ell" the numerical value of 1 and the answer "not well" the numerical value f minus 2.

The most recent poll thus gives a score of plus 20, while the first poll in December of 1982 gave a score of plus 46.

The average for all polls was plus 12, and this average is shown in the graph by the vertical line.



As will appear from the above graph, the score of the nonsocialist government is now only slightly better than the average, and compared with all polls since December 1982, the setback will, if anything, have to be referred to as drastic.

Key: 1. Government

GREENS' PARTY CONGRESS CHARACTERIZED BY INFORMAL FORUMS

Copenhagen EERLINGSKE TIDENDE in Danish 24 Aug 86 p 3

[Article by Morten Larsen]

[Text] The members of the environmental party, the Greens, do not want for a central committee or an executive committee to do the thinking on their behalf. That is why the party's national congress, which began yesterday at Ringe on Funen, is unlike the national congresses of other parties.

It is not at Ringe that the party will be finding a foothold for its political line and will be electing those who, during the period up to the next national congress, will be in charge of the party line and its interpretation. On the contrary, the national congress of the Greens is the forum in which all party members who feel so inclined may meet and, without commitment, carry on discussions to reach the compromises on a joint line which will unite the party and attract the electorate.

That is why the 100 members of the Greens who gathered over the weekend in the 100-year-old Grundtvigian free school and continuation school at Ringe spent the Saturday on group work on issues which, in the course of the next 2 years, will become the policy issues of the Greens.

The Greens will create a society of spirited, creative people, and that is why their groups do not operate as groups but as workshops of the future. On the basis of this model, the work is divided up into phases, and before anything is put down on paper, a fantasy phase is employed with games in the open to remove tensions.

The primary purpose of the national congress and the group discussions is to enable members across social and geographical lines to meet, inspire one another and develop visions. The visible result of the national congress will be reports on the work of the workshops of the future. These reports will be used when the committee of the party, which is the supreme decision-making body of the Greens, will be formulating the programs of the party.

The members of the committee will be nominated by the local party organizations of the Greens on the basis of membership figures. The committee will meet at least 3 times annually to make decisions on policy matters and the structure of the party and to elect the co-ordination committee, which will be in charge of the day-to-day practical tasks but will not make any political decisions.

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COMMUNIST PARTY ORGAN REPORTS ON FOLKETING RACE ORGANIZATION

Copenhagen LAND OG FOLK in Danish 26 Aug 86 p 3

[Text] The first candidates on the party lists of the Communist Party of each county and large constituency held a meeting in Copenhagen last Saturday to discuss, among other things, a stronger emphasis on the candidates of the Communist Party for the Folketing in the parliamentary debate.

Even if the Communist Party does not have any seats in the Folketing at the moment, the future group made its elections with a view to participation in the parliamentary debates. Jørgen Jensen, party chairman, became chairman of the group. Ole Sohn, chairman of the Semi-Skilled Workers' Union, became political spokesman, Frank Aaen, editor, financial policy spokesman, Dr. Bernard Jeune public health policy spokesman, Trille Bødtcher-Hansen, educator, social policy spokesman and Rita Sørensen, clerk, was elected environmental policy spokesman. Other areas of responsibility, such as peace and security and education, were distributed within the group and among other first candidates.

The first candidates discussed the most recent contributions to the discussions on the labor majority. In a resolution on this subject it was pointed out that the labor majority will have to be strengthened and built up--and not destroyed in bickering and party-egoistic competition between the Social Democratic Party and the Socialist People's Party.

The claim on the part of the Social Democratic Party that only progress for them will provide the basis for a change of government does not have any mobilizing effect. Similarly, it is wrong for the Socialist People's Party to demand ministerial posts and request wage restraints as a condition for the take-over of the labor majority.

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PEACE CONGRESS MEETING FACING COOL REACTION FROM LEFT PARTIES

Lannung Concedes WPC Tie

Copenhagen BERLINGSKE TIDENDE in Danish 8 Sep 86 p 5

[Article by Nils Eric Boesgaard]

[Text] Hermod Lannung, the 90-year-old honorary president of the Peace Congress meeting to be held in Copenhagen on 15-19 October, is vice president of a subdivision of the Soviet front organization the World Peace Council. Lannung has hitherto made great efforts to deny the influence of the World Peace Council on the congress, which increasingly appears as window dressing on the part of the Soviet Communist Party.

In a conversation with BERLINGSKE TIDENDE, Lannung confirmed his post of vice president of the International Liaison Forum of Peace Forces, which has got both its president (Indian Communist Romesh Chandra) and its address in common with the World Peace Council in Helsinki.

The 90-year-old Radical Liberal politician does not find it strange that he had not included his post of vice president among his other honorary posts in his biographies for Who's Who and other places. "I am, of course, also an honorary member of The Liberal World Union. If I had to enumerate all of my honorary functions, it would take up too much space," he says, adding that the ILFPF is a recognized international organization.

PROBLEMS OF COMMUNISM

It appears clearly from the YEARBOOK OF INTERNATIONAL ORGANIZATIONS that the organization was set up in conjunction with the Peace Congress meeting in Moscow in 1973.

The revelation of Lannung's direct contact to the World Peace Council appears in an article in the American periodical PROBLEMS OF COMMUNISM:

"In conjunction with the International meeting of the World Peace Council in Copenhagen on the occasion of the United Nations World Peace Year, Hermod Lanning has become president-elect. Lannung is a member of the Radical Liberal Party and is a traditional pacifist.

He is not directly associated with the World Peace Council but is vice president of the subsidiary organization the International Liaison Forum of Peace Forces—or the ILFPF. The organization has the same president as the World Peace Council but appears more impeccable on account of its anonymous nature and apparently impeccable membership.

However, the fact cannot be ignored that the president of the last congress of the World Peace Council in Prague in 1983 was Lannung's colleague, the Canadian vice president of the ILFPF, Edith Ballentyne, who is also chairman of the Women's International League for Peace and Freedom.

Hermod Lannung states that he "is not familiar with the Prague conference," but the idea suggests itself that in recognition of their shady reputations in the West, the World Peace Council and Romesh Chandra will want to avail themselves of the vice presidents of the ILFPF as intermediaries in arranging things which they would prefer not to have the appearance of being to much controlled by the Kremlin."

The ILFPF was set up in conjunction with the Peace Congress in Moscow in 1973, where Denmark was represented by the communist front organization, the Liaison Committee for Peace and Security, and in which Hermod Lannung was elected member of the presidium of the congress and the Central Committee for Peaceful Coexistence and International Security.

At the time, Hermod Lannung gave expression in LAND OG FOLK to his unreserved enthusiasm for President Leonid Brezhnev's welcome speech, in which he primarily dealt with universal peace.

The World Peace Congress will take place in the Bella Center from 15 to 19 October. The preparatory committee expects approximately 1,500 participants.

From Denmark, a number of peace organizations will participate, among them No to Nuclear Arms as well as representatives of the Socialist People's Party and the Radical Liberal Party. The Social Democratic Party and the nonsocialist parties have long ago announced that they will not participate.

From Eastern Europe, the official state peace organizations are expected to participate, whereas alternative peace organizations, such as Charter 77, Solidarity and the East German Christian groups have not been invited for fear of offending the Soviet Union, which, in the final analysis, is expected to be paying for the congress.

SDP Rejects Participation

Copenhagen BERLINGSKE TIDENDE in Danish 9 Sep 86 p 14

[Article by Thorkild Dahl]

[Text] Upwards of 200 Danish organizations will participate in the World Congress to be held in Copenhagen in October on the occasion of the International Year of Peace. The chairman of the Semi-Skilled Workers Union, Hardy Hansen, is among the first speakers. The Social Democratic Party has rejected participation.

The chairman of the Semi-Skilled Workers Union, Hardy Hansen, will be among the first speakers at the World Peace Congress meeting to be held in Copenhagen in October, even if the Social Democratic Party has rejected participation on the ground that the meeting has been arranged unilaterally by the Soviet Union.

Hardy Hansen will participate in the technical forum, and he will open the debate, it says in a press report from the World Congress on the occasion of the International Year of Peace. Most of the Danish political parties have rejected participation in the Peace Congress for the same reason as the Social Democratic Party. A report shows that 200 Danish organizations and movements have announced their participation in the congress.

The participating organizations are 82 trade associations and trade unions, 13 national peace organizations, 67 local peace organizations and "six national parties, the Radical Liberal Party, the Greens' Party, the Socialist People's Party, the Left Socialist Party, the Communist Party of Denmark, and the Workers' Party Common Course."

Other participants include a number of other Danish organizations, such as women's organizations, youth organizations, religious movements as well as solidarity and friendship societies, according to a press communique.

Charter 77 Participation Issue

Copenhagen BERLINGSKE TIDENDE in Danish 11 Sep 86 p 10

[Article by Thorkild Dahl]

[Text] Czech authorities have so far rejected that members of the country's independent civil rights organization Charter 77 will participate in the Peace Congress meeting in Copenhagen. The Peace Congress meeting will be attended by nearly 2,000 foreign delegates.

The Socialist People's Party is displeased with the efforts to hide the problems of the Czech civil rights organization Charter 77 in participating in the World Peace Congress meeting in Copenhagen. Members of Charter 77 have been denied exit visas for participation in the meeting.

This information was provided by Lars Nielsen on behalf of the Socialist People's Party at the press meeting in Copenhagen yesterday of the organizing committee of the World Congress in connection with the International Year of Peace.

The official Czech peace committee has rejected participation on the part of two members of Charter 77 on the ground that the invitation from the Peace Congress had been withdrawn. Lars Nielsen stated at the press meeting that the Socialist People's Party is considering having an exiled Czech participate in the party's own delegation.

Jens Clausager, Radical Liberal party secretary, who is on the organizing committee, said that "if there is any possibility for Charter 77 to participate,

we shall welcome its participation, but there is nothing more that we can do on the part of the organizing committee." The Socialist People's Party will endeavor to have the human rights issue included in the discussions, although the organizing committee has stressed that the topic is peace and not human rights.

Gert Petersen, leader of the Socialist People's Party, has written the organizing committee that the agenda ought to include an item on "the exercise of human rights as an important element of peace."

The World Peace Congress has been criticized for lacking political latitude because it stems from an initiative on the part of the Soviet-controlled World Peace Council. Both the organization and the lack of political latitude are the grounds given by the Social Democratic Party and the coalition parties for their rejection to participate in the congress.

Criticism of the Social Democratic Party

The president of the congress, 90-year-old Hermod Lannung of the Radical Liberal Party, criticizes the Social Democratic Party for not wanting to participate in the congress.

"Many Social Democrats participate in the work of organizing and carrying through the congress, but we lack the official Social Democratic Party. They complain of a lack of scope, but by rejecting participation in the congress, they themselves contribute to preventing it. Many European parties do not want to participate until the Social Democratic Party announces its participation," Hermod Lannung said.

The World Peace Congress will mark Copenhagen. Chief Mayor Egon Weidekamp will, on behalf of the city, open the congress in the Bella Center for the expected nearly 2,000 international participants from 120 countries. There will be 150 participants from Denmark.

Well over 30 cultural events, such as theater performances and jazz concerts, have been organized in conjunction with the week-long congress.

A Danish hotel ship will probably be chartered to accommodate the delegates. The Copenhagen hotels have required full advance payments for their rooms for participants in the congress, which the organizing committee has been unable to accept.

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CSO: 3613/202

POLITICAL

SOCIALIST PEOPLE'S EXECUTIVE ACCEPTS LEFTIST MP DEFECTORS

Spokesman Status Ruled Out

Copenhagen BERLINGSKE TIDENDE in Danish 8 Sep 86 p 5

[Article by Ole Dall and Carl Otto Brix]

[Text] The executive committee of the Socialist People's Party yesterday decided to accept MP defectors Jørgen Lenger and Anne Grete Holmsgård in the Folketing group at Christiansborg.

A narrow majority of the executive committee of the Socialist People's Party decided, however, that the two former Left Socialist members of the Folketing were not to be given roles as spokesmen for the Socialist People's Party in conjunction with any major political policy issues.

The decision to accept the leftist MP defectors was arrived at after a long discussion. Approximately 10 members of the executive committee did not find at all that the two Left Socialist defectors should be accepted as members of the Socialist People's Party, but approximately 30 members of the executive committee supported the proposal to accept Jørgen Lenger and Anne Grete Holmsgård as members of the Socialist People's Party. The voting on whether to include the two politicians in the Folketing group of the Socialist People's Party gave a similar result. The opponents found that Left Socialist first deputies should take over the seats of the former Left Socialist members of the Folketing. The decision to deny Lenger and Holmsgård posts as spokesmen on important policy issues was made with a majority of a few votes. It was a decision contrary to the recommendation of the executive committee.

Quit Left Socialist Party

Copenhagen BERLINGSKE TIDENDE in Danish 8 Sep 86 p 2

[Text] The Left Socialist Party has not experienced any major defection of members after Anne Grete Holmsgård and Jørgen Lenger last summer took leave, slamming the door. Fifteen members have left the party, and at the most three to four of these belong to the Lenger-Holmsgård faction The Red Realists, the chairman of the reduced Left-Socialist Folketing group, Elizabeth Bruun Olesen, said recently. She finds that she is able to discern a willingness in the various party factions to seek to reach a tenable compromise on the apple of the party discord—the role of the Left Socialist Party as part of a Folketing majority to the left, if any.

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CSO: 3613/203

POLITICAL

FORMER PSUC LEADER DISCUSSES POSSIBLE LEFTIST UNITY

Madrid CAMBIO 16 in Spanish 1 Sep 86 pp 28-32

[Interview with Jordi Sole Tura, former leader of the PSUC [Unified Socialist Party of Catalonia], by Carmen Segura Estruch]

[Text] Jordi Sole Tura is a professor of political law and one of the fathers of the constitution. He was a prominent member of the PSUC and promoter of the Conference of Men and Women of the Catalonian Left. He no longer belongs to any political party, but continues to believe that only a united left can oust the Pujol government and says that he would be willing to cooperate with the Socialist Party so that the left might defeat the Convergence.

[Question] Is it possible that you would join the ranks of the PSOE in the future?

[Answer] I rule out nothing until I am dead, but I have no intention of joining for the sake of joining. I will back a political plan if I believe it is important and useful. In Catalonia, for example, if that would help change things and enable the left to defeat the Convergence, then I would take that alternative.

[Question] Can we expect that at some time, you will join the Socialist Party, inasmuch as there is apparently no political plan for the unity of the left without it?

[Answer] Truly, there can be no plan for the left without the Socialist Party. On some things, I will join them, but one of the things that party has to do is to bring nonsocialists to unite behind a more general political plan.

[Question] What is your opinion of the political plan of the United Left?

[Answer] It was the only feasible outlet there was for the time being, but it will nevertheless not be easy for this coalition to recover the space lost by the communists.

[Question] Why?

[Answer] Because part of it has already been occupied by the PSOE and taking it back is not easy, apart from the fact that I believe it is good for the

country in general. But the problem of the United Left is not only that, but rather, its relations with the socialists because the real struggle has to be between the right and the left.

[Question] What happened to the left in Catalonia, which went from a majority to second place? Did it allow itself to be overcome or did it let things slide?

[Answer] The right dominates on some things but not others. It wins the autonomic elections, but loses the general elections.

[Question] Agreed, but one cannot say that the left bears great weight in Catalonia.

[Answer] Because there is no valid response to the specific conditions of Catalonian political life. It is divided, lacks planning and suitable political personalities to successfully confront Jordi Pujol.

[Question] In 1984, you said that you were waiting for a leftist message from the PSUC.

[Answer] The message from the PSUC at this time is that of the unity of the left, but issuing the message from a minority is not the same as giving it from a majority. One can issue many messages, but if you lack sufficient strength to back them, then they serve no purpose. My departure from the PSUC stems from the beginning of the internal crises. I wanted to leave calmly, without any ruckus. When you belong to a party, it is not because you have made any profession of faith or any life option. You are in it because you thought it was the right thing. If, at any given moment, you think that the party is no longer with you or you are no longer in tune with the party, then the best thing to do is to leave.

[Question] And you left because you were no longer in tune with it?

[Answer] Indeed, I am no longer in tune with it, although I respect the PSUC and the PCE a great deal. I am now on sabbatical, in a time of reflection, thinking about what contribution I can make in total independence. That is what I want now. I am not in a hurry to join any political party and I may never again.

[Question] You are tired of working in a political party?

[Answer] Yes, but not totally. I have had successes and made mistakes. One's paths are not ever completely cut off because we all change. Everyone has the right to look for something new and that is what I intend to do.

[Question] You were one of the promoters of the Conference of Men and Women of the Left at which the unity of the different sectors was first proposed. What do you intend to achieve with it?

[Answer] The Conference is an opinion movement that gathers together members of the PSUC, members of other leftist parties and sympathizers with that

ideology. They all have the same concern: the desire to provide a response to the nationalist majority of the Generalitat and find a place of debate to solve the current problems of the left, not only of Catalonia, but of the rest of Europe. It does not intend to take the place of any political party, although I do not rule out the possibility that in the coming municipal elections, it may have a political role in some towns if it first manages to become the rallying point of a candidacy of leftists. In Barcelona, naturally, this will not occur.

[Question] Then it is going directly after a candidacy of leftist groups?

[Answer] No, I do not think that is the precise intention. I spoke of the need for the unity of the left in order to defeat the Convergence nationalism. That is the main task, but this does not mean that one has necessarily to go toward a unified candidacy of the left representing the major and minor parties of that tendency. They will all go into the elections with their own banners, but beyond that, they will have to make it clear whether or not they later intend to join the Convergencia i Unio because if they do not unite, there will be no leftist majority.

[Question] Is the Catalonian left too weak to win?

[Answer] Weak, no, but it is divided.

[Question] Out of synch?

[Answer] Not exactly that either. There are new problems in Catalonia that the left, not only the Catalonian left, but that of the rest of Europe, has not understood clearly.

[Question] What are they?

[Answer] The impact of the new technologies, the social structure, the role of the political parties at a time of development of the mass media, the execution of a national policy and its international implications, and so on.

[Question] But that is a problem of the future and not the immediate present.

[Answer] Yes, but our future is already affecting the present. We have a big problem in Spain: We have come to democracy later than the other countries. We scarcely know our parties. Only the presidential candidate is interviewed, while the 350 congressional deputies are absolutely unknown. Our society is barely organized. When the people have a problem, they go to the government, which is normally far from the idea and the solution.

[Question] In dealing with the topic of government organization, I recall one of your phrases: "In Spain, we have a system of semi-presidentialist autonomies." Is that true of the Catalonian left?

[Answer] In the case of our autonomies, we can speak of semi-presidentialist systems because we have heads of government who are at the same time chiefs of

state elected directly as such and responsible within a parliamentary system. If one examines things closely, our system of autonomies is a group of republics within a monarchy. In Catalonia, the president of the Generalitat is also president of the Executive Branch. With this system, it is very difficult to require political responsibilities and have a constructive motion of censorship, which always needs an alternative candidate to overthrow the president. If the opposition is not homogeneous, it is difficult for a candidate to emerge to eliminate him.

[Question] We could then speak of a unified candidacy of the left in order to nominate a candidate for president of the Generalitat.

[Answer] That is true. We will have to come to that and there are many ways of doing it. One of them would be for the leftist parties, before the elections, to manifest their support for a specific candidate for president of the Generalitat representing the left. Another would be to combine the votes of the leftist parties and, if they form a majority, to propose a candidate.

[Question] Could you tell me what the phrase, "The Catalonian left is a country of the blind," which you recently said, means?

[Answer] I never said that. Nevertheless, the Catalonian left has enormous difficulties in finding a real alternative to "Pujolism." As long as the left does not overcome that situation, we are doomed to a nationalist majority in the autonomic elections. That is the problem. The rest is of no importance.

[Question] Do you believe that the Catalonian vanguard left, if it exists, just cannot come together?

[Answer] If, by "vanguard," you mean the one that now has the greatest acceptance, then today that vanguard is the Socialist Party. If we consider it to mean the one in possession of the boldest proposals, of the newest elements, which by virtue of that fact convinces the people that that is what is best and therefore takes the lead, then that intellectual, doctrinal, political vanguard does not now exist in Catalonia. What one now has is a lack of theoretical reflection and obviously, political proposals.

[Question] How do you view the possibilities of the left in the municipalities?

[Answer] They are good, although it will have problems, more than it had in 1982, 6 months after the greatest socialist victory in history. At that time, it still had the thrust brought about by the socialist victory in most of the big Catalonian cities. Despite the fact that in recent elections, the PSOE has been the party with the most votes, it has dropped in votes, while the Convergents have gained. On the whole, the left has lost votes in the last general elections. This means that it is more necessary than ever for the left to become aware of the need for substantial agreements within itself.

[Question] The fact that the socialists can figure as a parliamentary group in the Chamber of Deputies might then have important repercussions in Catalonia?

[Answer] I do not believe so. Perhaps it will have a greater repercussion on the outside, in the sense that it will demonstrate that there is no longer a single Catalonian parliamentary group such as Convergencia i Unio. But from the standpoint of the parliamentary mechanics of the Cortes, this changes nothing, because groups with those characteristics do no more than announce or repeat what has been said by the PSOE. At least, that was the experience I had when I was a deputy.

[Question] Is mentioning now, in such a continuous, eloquent fashion, the Catalonian national nature of the left not an excuse for taking back Catalonians who vote for the Convergence only for that reason?

[Answer] The Catalonian national nature is that for a concrete reason: Catalonia is a nationality, as recognized by the Statute of Autonomy of Catalonia, based on the constitution. Consequently, all the parties active in this autonomous community have this Catalonian national character. That is one thing and a nationalist-type proposal is something else, although I am not sure that the Convergence is a truly nationalist party.

[Question] Why not?

[Answer] Because it is an inward-looking nationalism, but outwardly, it is something else. In Catalonia, one talks one way and outside, another.

[Question] You are speaking specifically of "Operation Roca"?

[Answer] Yes. That operation was an attempt to govern Spain.

[Question] And the PSOE?

[Answer] Also, but the PSOE does not hide it. It is a problem and has been completely clear from the very beginning, while the Convergence never speaks here of Spain, but rather, of the Spanish Government, and then tries to make Spain in another way. It uses two visions of the problem, two different ways of focusing politics, two different languages, depending on whether it is inside or outside of Catalonia. That is why I question its nationalist nature.

[Question] Whatever the case, could the nationalism of the Convergencia i Unio, with that double language, lead us to pro-independence?

[Answer] It is true that the ambiguity characteristic of that nationalism, that language and that purpose releases energies that could lead to that path. The problem of the nationalism of the Convergence is that it continues to relate everything to the outside enemy, in this case, the PSOE. Everything is its fault and consequently, the only representative of Catalonia, based on that theory, is Jordi Pujol and the government of the Generalitat confronting that adversary that attacks us all. An internal logic then emerges: If everything that goes wrong can be blamed on the outside, then the best thing is to become independent. But I do not believe this will happen, because there is not and has never been a strong pro-independence sentiment in Catalonia.

[Question] How do you, who said you were against the economic policy of the Socialist Party and entry into NATO, see your personal situation, considering that the unity of the left depends on the PSOE?

[Answer] I opposed membership in NATO because I believe that international politics at this time affects us enormously and I think one has to have some room to maneuver so that the logic of the blocs will begin to break down. The elections provided a majority opinion in favor of the real situation of membership in NATO. For me, consequently, that is a point already resolved and based on that, one has to begin to work in terms of the new situation.

[Question] How do you evaluate the round of talks held by Rafael Ribo, secretary general of the PSUC?

[Answer] I think it is fine, but the problem is that in Catalonia, it is more difficult to define a communist space than in the rest of Spain.

[Question] Then today, we have no room for Catalonian communism?

[Answer] Yes, there is space, but winning it back is very difficult. If the communists plan their main attack on the socialists in order to take back territory, they are playing into the hands of the Convergence. Here the communists and socialist are in opposition to one another, for which reason it is more difficult to rebuild the communist space.

[Question] In your opinion, is Rafael Ribo a leader?

[Answer] Today, being a leader depends on the strength that one has in votes and proposals.

[Question] Are the current Catalonian politicians truly leaders?

[Answer] There is no leader in Catalonia with the popularity of Pujol.

[Question] Has Catalonia lost leaders or something more?

[Answer] At the present time, as a community, Catalonia has lost strength and the ability to attract followers throughout Spain. Under Franco, Catalonia was like an island, a European, liberal, anti-Franco zone. It was somewhat of a beacon and there was always an explicit will to connect the political struggle of Catalonia with that of Spain. Now, with the democracy, we have entered Europe and Catalonia today, with the Convergence government, has gradually closed in on itself politically speaking and has little to offer, because our economy is no more developed, we do not have any more ability to attract foreign capital or any more intellectual concern.

[Question] Is Spain moving toward a federal state?

[Answer] It should, but it is not clear that it will. We have a state of autonomies, with a very uneven and inadequate degree of development, with an administration difficult to decentralize and an unresolved problem of financial resources. Consequently, we run the risk of going only halfway, and that would be one of the great dramas of our political process. But the constitution does provide enough room for Spain to function as a federal state, even if it is not.

11,464

CSO: 3548/82

POLITICAL

POLL SHOWS CONSERVATIVE PARTY NOW LEADS AMONG NONSOCIALISTS

Stockholm DAGENS NYHETER in Swedish 8 Sep 86 p 12

[Unattributed article: "First Post-Summer SIFO Report: Nonsocialists Lead"; first paragraph is DAGENS NYHETER introduction]

[Text] One year after the last election the nonsocialist opposition has passed the socialist bloc and now barely leads by 49.5 percent against 48.5.

The Conservative Party has moved ahead, and is now larger than the Liberal Party. The Center Party lost some ground, as did VPK [Communist Left Party], which now has come in under the important four percent limit.

This was shown by the first post-summer SIFO [Swedish Institute for Public Opinion Research] poll. Between 20 August and 2 September 2,610 people were interviewed about their voting preferences.

This is what the parties' figures looked like. The figures in parentheses are the changes from the June poll:

Party	Percent	Change Since June
Social Democrat	45	(-0.5)
VPK	3.5	(-1.0)
Conservative	20	(+3.0)
Liberal	19	(+0.5)
Middle	10.5	(-2.0)
Of which Center Party is	9	(-1.5)
Of which Christian Dems. an	re 1.5	(-0.5)

The nonsocialist parties were greater than the Social Democrats and VPK were at the beginning of the year, according to SIFO. Thereafter the socialist block led, but with the smallest possible margin in June--48.5 percent against 48.

The rise for the Conservatives was statistically certain, as was the decline for the Center Party. The changes for the Social Democratic Party, VPK and the Liberal Party, however, are so small that they cannot be considered statistically guaranteed.

Honeymoon Over

The Conservatives' departing party secretary Georg Danell said in a commentary:

"The significant result of Sunday's SIFO poll is the dominance of the nonsocialist bloc. That confirms that the Social Democrats' honeymoon following the murder of Olof Palme is now over, and that the nonsocialist parties are on their way to strengthening their positions."

The party secretary of the Center Party, Gosta Johansson, had this to say about his party's minus figure:

"The Center Party has prospects for continued stabilization and improvement in public opinion during the autumn. But today's minus figure from SIFO, which shows a break in the previous series of plus figures, shows that both fixity of purpose and staying power are needed to lift the party."

Do Not Vote

It is worth noting from the SIFO poll that as many as 7.5 percent of those asked said that they have no favorite party or that they do not vote. That is a clear increase compared with the last poll.

9287

CSO: 3650/309

POLITICAL

VPK PARTY PROGRAM DRAFT CAUTIOUS ON SOCIALIST SOCIETY

Dialogue With Socialists Stressed

Stockholm DAGENS NYHETER in Swedish 12 Sep 86 p 12

[Article by Ake Ekdahl: "Draft of New Platform: VPK Like S With Spark"; first paragraph is DAGENS NYHETER introduction]

[Text] As the relative strengths in Sweden appear today, a socialist society is a long range goal. A partial goal is to give the expression "socialist bloc" some real political meaning. This careful view of the transformation of a socialist society is recommended in a draft of the new VPK [Communist Left Party] party platform, written mainly by MP Jorn Svensson.

It has surely been several years since VPK spoke openly about revolutionary plans for Sweden, but now the party is emphasizing the importance of revolution not being synonymous with general violence, scheming coups d'etat or power struggles between political groups.

The social revolution is a democratic process. In Sweden it is possible by legal and constitutional means to change society, it says in the party platform.

Radical Reform

VPK is trying to appear as reformist as the Social Democrats, but wants to be a more radical force with more spark of life, they claim. A socialist conversion of society, it says, can only be carried out with the concurrence of the freely manifested will of the people.

Both here at home and internationally VPK will, according to its new platform, actively work for expanded cooperation within the total labor movement. VPK will create a new relationship between the labor parties and the union organizations within capitalist West Europe. A dialogue between communist, socialist and social democrat parties must begin. The opponent is unified, says the VPK.

The idea is to develop the independence of West Europe toward the United States, and thereby contribute to the reduction of tensions between the military blocs.

If the Social Democrats tell VPK that an activation of its radical ideas is necessary, a political change of course must take place in order not to weaken the entire labor movement.

The strategic task of the VPK will be to weaken the "power position of the ruling elite." At the same time the working class will win the power of determination over certain of the functions which are today in the hands of the ruling elite.

VPK will save small businesses from the capitalistic yoke. Small business today, according to VPK, is allowed by its dissatisfaction to be led in a reactionary direction. They are allowing themselves to be used in the interests of big capital, and duped into being the support troops for an economic elite which is really their enemy, says the VPK.

'Less For Environment Than For Trips'

The amount in the national budget for saving the environment is less than the amount for Riksdag members and their trips, confirmed the environmental party The Greens in a report.

The Ministry of Agriculture, which is responsible for environmental affairs, will get 163 million kronor for direct measures against air pollution and acid rain. That is about 7 ore per person per day to fight pollution. To pay for trips abroad by members of the Riksdag and party groups there is 163.18 million kronor in the budget—therefore more.

Fight Over Women's Issues

Stockholm DAGENS NYHETER in Swedish 6 Sep 86 p 6

[Unattributed article: "Women's Conflict in VPK Still Unsolved"]

[Text] The Executive Committee of VPK has not succeeded in solving the sharp conflict about women in the party's Women's Committee. The committee is VPK's equivalent to other parties' Women's Associations. The Executive Committee tried to increase the number of Women's Committee members in order to make a place for a representative from Stockholm. When the Executive Committee recently selected the nominated Karen Mansson, 16 of the members of the Executive Committee protested. At the same time 13 voted for Mansson, who was previously kicked out of the committee following an internal disturbance. Member of the Executive Committee Lennart Beijer of Kalmar believes that Mansson belongs to a clique which can damage the party, and is therefore not worthy of cooperation.

9287

CSO: 3650/309

ECONOMIC

TRADE GROUP CHIEF SKEPTICAL OF EUREKA, HITS EC SUBSIDY POLICY

West Berlin TAGESSPIEGEL in German 26 August 86 p 15

[Article: "Otto Wolff Criticizes Technological Funding--Competing Subsidies in the Common Market--Further Skepticism Regarding Eureka"]

[Text] The president of the German Industrial and Trade Congress, Otto Wolff of Amerongen, has sharply criticized technological funding in the EC. The subsidies in this area are excessive, according to Wolff in the Austrian Alpach. The EC funding activism supposedly competes with corresponding national projects but also with projects such as Eureka.

The EC subsidy policy supposedly is being grafted onto national subsidies and is mixing everything up, according to Wolff. An individual entrepreneur supposedly can no longer plan and invest without worry, since he would be constantly plagued by the interior misgiving that he was missing some subsidy possibility from the many troughs. According to Wolff's words, the "Brussel's program acrobats" now even want to set up "subsidy counters." The system supposedly has got out of control and annually creates new financial problems. Wolff confirmed his skeptical attitude towards the European research collaboration Eureka. The entrepreneur supposedly had an understandable self-interest in many participatory objects. He questions whether perhaps the horse is not being led to water here. He also doubts the sense of a European industrial policy since the French can sell their locomotives more easily in China than to the German Federal Railway, while a German electrical concern supposedly can sell his telephone systems everywhere in the world except to the French Post Office.

According to Wolff, the keyword "Eurosclerosis" is a meaningless verbal casing. Studies show that the European share in the export of peak technologies fell from 38 to 29 percent from 1972 to 1984, while the Japanese and the Americans were busily at work. But these studies cannot be sustained. The broader the area of high technology is conceived, the more favorable would the competitive position of the Europeans appear. Technological weakness supposedly cannot be pinned to the market share for microchips, 85 percent of which falls to Japan and the U.S.A.

8348/12828 CSO: 3620/809

ECONOMIC

CARMAKERS FACE GROWING THREAT FROM JAPANESE IMPORTS

Hamburg DIE ZEIT in German 5 Sept 86 p 17

[Article by Heinz Bluethmann: "Successes in Autobahn-Land (the Land of the Superhighway)"]

[Text] The German automobile industry must expect still stiffer competition from the Japanese.

Do the Japanese really build better, more economical cars - contrary to the opinion of nearly all testers in this country, although surely many of them may be prejudiced? Or are the Japanese more skillful than their German colleagues in the art of selling? What is certain is: The Far East competitors of Volkswagen, Opel, and Ford must have perfected something important in this business to a higher degree; otherwise, they would not have been so successful during the last 10 years in the German market, presumably the most difficult market in the world.

From 1976 until today, the Japanese passenger car manufacturers multiplied their share of new dealerships by a factor of 8, from barely 2 to about 15 percent - about as much as Opel combines for itself, numerically the second largest German brand. And there is no reason to assume that this already represents their final goal - on the contrary: The Japanese continue to accelerate mightily. During the first 7 months, they created a plus of 30 percent, while new dealerships altogether (see page 24) increased only half as much.

Does everything, then, indicate a continuation of the Japanese record run? Will every fifth new car soon come from the "Land of Toyota"? Especially two arguments speak in favor of this: First of all, the strong upwards valuation of the yen compared to the American dollar has worsened the sales opportunities of the Japanese in the United States. Toyota, Mazda, Nissan & Co., therefore are directing more cars towards the European countries. And most of them will land in the Federal Republic, since other major countries of the Old World long ago erected barriers against Japanese autos. For years, the British have permitted a maximum of 11 percent market share, the protectionist French all of 3 percent, and the crazy Italians only 2500 cars per year. Secondly, the Far East producers place the greatest value on sales successes in Germany. For these can be marketed best of all in other countries, even at home: "Land of the Superhighway", home of BMW

and Mercedes which are so popular in Japan, is said to be the residence of the most demanding customers, who always drive at full throttle.

However, even now the European community has protested in Tokyo against increasing auto imports - at any rate during the first half year 41 percent more vehicles arrived, namely 560,000 units. Therefore the Japanese are pursuing a double strategy: As much as possible is exported from domestic factories, but at the same time product support points are built up in the Old and New Worlds. In this way, the argument that Japan is expanding at home without regard for jobs in the sales country can be effectively deprived of its point, and at the same time deliveries can be made in circumvention of import barriers.

The Japanese auto manufacturers are far from having had enough - the German manufacturers, and in the medium term even the aristocratic firms BMW and Daimler-Benz, have to accept this. Toyota has just presented the first 50,000 Mark sportscar on the market here, and others will follow. The yen has been evaluated upwards by about 10 percent as compared to the German mark; nevertheless, in the Golf class the companies in the Far East have been able since the beginning of the year to underbid the VW price by several thousands. The fact that Volkswagen cannot earn a good profit even now with its high prices surely must cause all the alarm lights to light up in Wolfsburg.

8348/12828 CSO: 3620/809

ECONOMIC

MACHINERY PRODUCERS FEEL SLOWDOWN AFTER TWO-YEAR BOOM

West Berlin TAGESSPIEGEL in German 22 Aug 86 p 13

[Article by Tsp: "FRG Machine - Building Industry Shows Reductions -- A Decline Now Prevails Especially in Foreign Orders -- Substantially More Employees in the Wema Area"]

[Text] After two boom years, especially also in export, the German machine construction industry is now getting ready for lower growth rates. Dr Eng Otto H. Schiele, president of the Association of German Machine and Systems Constructors (VDMA), in a press conference in Berlin, presented figures for the first half year of 1986, which indicated that especially the foreign business is responsible for this. Domestic orders for German machine construction still increased by 5 (nominal 9) percent during the first 6 months, while foreign orders represented a real minus of 12 (nominal 9) percent. As a consequence, the results of the previous year were missed by a total of 5 percent real or 2 percent nominal.

However, orders still exceeded production, so that the order cushion now extends to 6.5 months (first half year of 1985: 6.2). Therefore Schiele is evaluating the situation as a normalization. Capacity utilization is at 88.8 (88.4) percent, decidedly high compared to other years. In terms of invoices, sales also increased nominally by 1 percent to DM 77.7 (76.7) billion. In real terms this implies a minus of 2 percent. Invoiced exports increased by 7 percent to DN 47.0 (44.0) billion, but these do not yet show the changed development. The production increase by 9 percent clearly shows that the branch is working at full steam. According to Schiele, the sharp rise in delivery times partly implies factors which really impede competition. An attempt is being made to control this by high investments as well as by new approaches - Schiele expects an increase of another real 17 percent this year. Already in 1985, the number of employees was increased by 43,000 persons, but during the first 6 months the branch continued to increase employment, so that by the middle of 1986 2.067 (1.018) million employees were recorded. It is supposedly very difficult to find technical personnel.

From abroad, contracts from the oil-producing developing countries but also from Australia and South Africa flowed more sparsely. Hopes for a vitalization of the USSR business after the radification of the new 5-year plan up to now have been quite deceptive. The collapse of oil prices and the effects

of Chernobyl evidently clearly restricted the commercial freedom of movement of the Soviet Union. In 1985, China purchased 200 percent more Federal German machines than in the previous year. But now it is proceeding more gingerly. In the United States, there was a growth of only 11 percent during the first 6 months of 1986. The growth rates are becoming flatter and flatter, where it is less the dollar exchange rate than the declining willingness to invest in the United States that is responsible for this. On the other hand, export to western Europe has had a positive development, especially to France.

Reinhard Lange, chairman of the Economic Association of Iron, Machine, and Apparatus Construction e.V., Berlin, declared that the situation of Berlin machine construction has further stabilized. In machine construction as well as in fine mechanics and optics, one continues to expect a good business. On the other hand, contracts declined in the iron, plate, and metals industry and in nonferrous metal processing. During the first half year, customer sales in the Wema area increased by about 8 percent to DM 4.5 billion. The number of employees by the middle of the year was about 49,500, about 3 percent or 1400 people higher than at the beginning of the year. Lange expects a favorable business situation to continue.

8348/12828 CSO: 3620/809 ECONOMIC

TRADE MINISTER LAINE: U.S. PROTECTIONISM THREATENS EXPORTS

Helsinki HELSINGIN SANOMAT in Finnish 23 Aug 86 p 30

[Article: "Minister Jermu Laine: Protectionism Threatens Finland's Exports to USA"]

[Text] The attempts to protect U.S. industry are clearly threatening Finnish exporters for the first time, stated Foreign Trade Minister Jermu Laine on Friday in Lahti. He was referring to a law being considered in the United States which would prevent Finland's shipbuilding industry from selling ships or even significant portions of them in the United States.

The restriction would have a significant impact on Wartsila, whose share of diesel motors for ships in the country is 60 percent.

"What sense does it make to reject products of the Finnish shipbuilding industry when we do not limit imports of American machinery," asked Minister Laine at the U.S. Trade Seminar, which was organized by Lahti's Finland-American Society, the Foreign Trade Association, and the Finnish-American Chamber of Commerce.

Minister Laine suspected that difficulties in certain areas, the trade deficit, and the approaching elections have caused a conflict between words and practice. "President Reagan supports a free market economy in public statements, but protectionist bills are coming out of congress in a steady stream".

"So far we have not felt these protectionist aspirations in Finland. The continually growing trade deficit in the United States and the deterioration of the competitiveness of American firms connected with the exchange rate development of the dollar are, however, increasing protectionist pressures in the USA," said Laine.

Minister Laine guessed that the round of GATT talks beginning in September will be extremely difficult and exceptional. The emphasis will no longer be on reducing tariffs, but on eliminating trade restrictions, including services, and increasing GATT's authority.

Protectionist pressures are apparent in various areas, and at the same time there is a need for growth, which can only be maintained by free foreign trade, points out Laine.

"Because of ground work, U.S. trade has permanently grown to the present level of 5 billion markkaa, but we do not know whether last year's 900-million markka surplus is accidental or a permanent phenomenon," said Laine.

According to Minister Laine, Finland should make an effort to reach the level of other Nordic countries in exports to the United States. He pointed out that, for example, Sweden's total exports is four times that of ours and its structure is sufficiently diversified so that it is not as sensitive to price fluctuations as is Finland's exports, which are based on timber.

Laine saw room for diversification in metals and furniture, for example.

Finnish firms have found and conquered the United States as a country of affiliates in the 1980s. Investments increased to 700 million markkaa last year already according to Laine. According to Laine, it is not a question of any kind of accidental surge, but the United States has become the second most important investment country for Finnish firms after Sweden. There are 211 affiliates in the country already.

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CSO: 3617/165

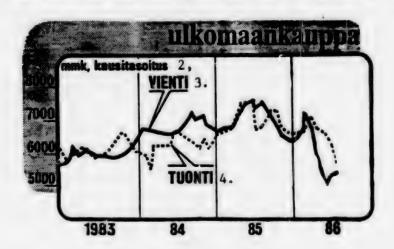
EXPORTS REGISTER FIRST RISE SINCE EARLY IN YEAR

Helsinki HELSINGIN SANOMAT in Finnish 30 Aug 86 p 34

[Article by Kristiina Ritvos: "Exports Finally Accelerate"]

[Text] Foreign trade gathered considerable strength in July after its sluggish performance in the beginning of the year. According to customs statistics, exports rose to the highest figure of the year or a full 7 billion markkaa. The credit belongs primarily to the very successful forest industry transactions, which also achieved the year's top figures.

Even imports picked up and reached a level of 6.7 billion. Thus July raised the trade surplus from the beginning of the year to nearly 2 billion markkaa.



Key:

- 1. Foreign trade
- 2. Exports

- Millions of markkaa, seasonal adjustment
- 4. Imports

Compared to a year ago exports as well as imports were a percentage point less. July of last year, however, was one of the year's best export months.

The stimulation of exports was needed especially in the forest industry, in which there was growth throughout all of July. Forest industry exports increased 8 percent.

The paper business grew 2 months in a row, this time by 4 percent. Exports of the paper industry were also impressive or 2.3 billion markkaa.

Lumber exports increased by one-fourth and plywood was the primary impetus behind this increase.

The forest industry continued to remain below last year's figures for the first part of the current year with 8 percent for the paper industry and 6 percent for the lumber industry. Exports in this area for the whole year will remain slightly less than last year.

Exports in the metal industry were less than last year in July as well as in the entire first half of the year.

The export figures for basic metals are whittled down by the downturn in prices while other metals were affected by the poor export performance in the marketing of ships and other metals. However, there are also pluses in metal exports. Auto exports are flourishing and are one-third more than last year for the first part of the current year. Exports of paper machinery, various electrical machines, and electronics, among other things, grew in July.

It is expected that export figures will improve in the future not only for economic reasons but also for the reason that the period of comparison or the end of the last year was weak with respect to exports.

The growth of exports to the USSR will probably accelerate at the end of the year. So far exports to the USSR have decreased this year by nearly one-fifth. Imports from there are one-third less. The problematic surplus increased a full half billion in July or to 2.2 billion markkaa.

Cheap crude oil is keeping import figures at a moderate level. Oil imports in the beginning of the year have been only half of what they were a year ago and will probably not change for the remainder of the year.

Imports of Capital Investment Goods Increasing

Other exports, on the other hand, are increasing. Purchases of investment goods increased a full 40 percent in July and raised their imports to the growth side since the beginning of the year. Procurements of transport vehicles in particular, but also of equipment for machinery, increased.

Imports of economically sensitive consumer goods are also increasing at a stable rate (24 percent in July). Clothing and so-called durable consumer goods were purchased during the summer vacations. The largest growth since the beginning of the year is in imports of automobiles, of which one-fourth more than last year have been purchased.

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CSO: 3617/165

UNEMPLOYMENT FIGURES SHOW SUDDEN, UNEXPECTED INCREASE

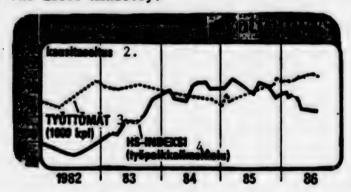
Helsinki HELSINGIN SANOMAT in Finnish 30 Aug 86 pp 3, 30

[Article by Kristiina Ritvos: "Actual Number of Unemployed Increased to 212,000 People"]

[Text] A record number of Finns will be out of work next winter. In the budget draft compiled by the Finance Ministry it is predicted that unemployment will worsen by year's end and increase to about 185,000 people.

There were 15,000 less unemployed in July of last year.

Unemployment has increased, particularly in the southern sections of the country. It has had a particular impact in industry and construction according to the statistics of the Labor Ministry.



Even taking seasonal adjustments into account, unemployment has clearly increased. Job ads usually decrease prior to an increase in unemployment.

Key:

- 1. Unemployment
- 2. Seasonal adjustment
- 3. Unemployed (in thousands)
- 4. HELSINGIN SANOMAT Index (Job advertisements)

The figure for July becomes worse if unemployed pensioners are included in it. At the and of July there were more than 62,000 of them already, or total unemployment was more than 212,000.

The figure has nearly doubled in comparison with the darkest years of unemployment in the 1970s. At that time there was talk about a national emergency.

Since the end of the 1970s the Labor Ministry has eliminated unemployed pensioners from its statistics. The Statistical Center, from which the Labor Ministry obtains unemployment figures for its forecasts, on the other hand, includes pensioners in its own tables.

Unemployment Worsening Toward Record Figures

Unemployment has worsened at a surprisingly rapid rate over the summer. Figures published by the Labor Ministry on Friday indicate 150,000 unemployed already, which is 15,000 more than a year ago.

The development of unemployment appears gloomy for the future also, and record unemployment figures for the decade are expected in the coming winter.

It is no doubt evident that unemployment will become one of the primary concerns of economic policy in the fall and that previous forecasts will once again have to be revised in a a more negative direction.

There are definite signs of an economic trend in the worsening unemployment picture. HELSINGIN SANOMAT-index also predicts that this development will continue.

The number of people on temporary lay-off was exceptional in June and there were more of them in July. There were nearly 20,000 on temporary lay-off at the end of June. July was, indeed, the year's worst month with respect to temporary lay-offs.

Unemployment has also clearly worsened the most in Southern Finland and in the areas of industry and construction. In reality, the worsening situation has become visible in the unemployment offices, which have handled a full 20,000 more people than a year ago in July alone. It is doubtful that all were there because of the increase in unemployment security benefits. At the same time, there were fewer job openings.

The unemployment figures have, in part, been increased by the fact that this year fewer employment measures were taken than a year ago.

In any case, the problem groups or youth and long-term unemployed also continued to grow this year. The number of unemployed youth or individuals under 25 reached 38,500 already at the end of July. Long-term unemployed or those without work for more than a year, for their part, numbered nearly 15,000.

Pensioners Not Included in Unemployment Figures

The swelling of the ranks of problem groups has certainly caused a headache at the government level also since it was the government which promised to keep unemployment in check. The rapidly growing group of unemployed pensioners is gradually being eliminated from the official unemployment figures also. They are no longer included in the Labor Ministry's monthly unemployment figures, their number has, indeed, only been announced as a separate statistic.

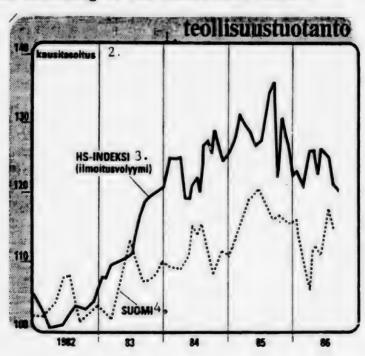
There were more than 62,000 unemployed pensioners already at the end of July or 11,000 more than a year ago at the same time.

The official unemployment figures for the first half of the year obtained by interviewing the Statistical Center show an average of 187,000 unemployed or 7.2 percent of the labor force. If unemployed pensioners are excluded from this figure, the unemployment rate can be lowered by a full percentage point.

The Statistical Center continually achieves smaller figures for the regular unemployed as well as for unemployed pensioners, which causes confusion. The disparity is difficult to explain since, in principle, more people including the hidden unemployed, among others, should be caught in the Statistical Center's net.

Production Bottomed Out in First Half of Year

Industrial production remained far below expectations in the first half of the year, and production was 1.7 percent less than a year ago for the whole first part of the year according to the Statistical Center.



Key:

- 1. Industrial production
- 2. Seasonal adjustment
- HELSINGIN SANOMAT-Index (volume of job ads)
- 4. Finland

The degree of poverty was, indeed, alleviated in June, and daily production was only slightly less than a year ago. The seasonally adjusted production curve has already taken an upward turn and promises to be better than the expected upswing. Job advertisements in HELSINGIN SANOMAT have likewise levelled out in recent months.

Industry's own economic barometer this summer was surprisingly hopeful with respect to development for the remainder of the year. Even though the improvement can be attributed to the aftermath of the strike, particularly in the construction industry, a definite improvement can be expected in the forest industry at the end of the year. Indeed, this sector itself will not underwrite the Finance Ministry's view of an outright "boom", however, it can be expected that the worst of the recession is now behind us.

And since we were, apparently, at the bottom, the growth figures for the forest and metal industries went in separate directions in the period from January through June. The forest industry, which maintained its lead in the markets, succeeded better in the second quarter of the year than in the first few months. Production in the forest industry for the period from January through June remained at 4 percent less than in the same period last year. Lumber production decreased by 2 percent, paper by 5 percent.

The forest industry is expecting enough of a spurt that production for the whole year will, for the most part, reach last year's level.

The second quarter of the year was weaker than the first quarter for the metal industry according to the Statistical Center. However, the period from January through June showed a small growth of 0.3 percent. An outright deterioration is no longer expected even in this area, but the remainder of the year is being described as bleak.

The growth areas in metals at the beginning of the year were the electrical engineering industry (+12 percent) and metal products (+4 percent). The production of machinery, on the other hand, decreased approximately 5 percent. The manufacture of motor vehicles was also 4 percent less than a year ago even though growing auto production balanced out the slump in shipbuilding.

Areas of growth in the first part of the year included the chemical industry (+5 percent) and the production of chemicals, which increased only slightly and generally follows in the wake of the paper manufacturers.

Tobacco, beverages, and shoes were the only areas in the production of consumer goods to register an increase. Textiles as well as clothing showed a decline.

10576

CSO: 3617/165

ECONOMIC FRANCE

DETAILS OF 1987 STATE BUDGET RELEASED

Paris LIBERATION in French 16 Sep 86 p 9

[Text] State expenditures will total 1,053.9 billion francs next year for an increase of 1.8 percent, or slightly less than the expected rate of inflation (2 percent). To finance those expenditures, the state will have 925.3 billion francs in tax revenues (up 4 percent over 1986). That leaves a deficit of 128.6 billion francs, or 16.7 billion francs less than in the original budget for 1986. According to the government, that reduction in the deficit is the result of "unprecedented" cutbacks in government spending. Actually, the real situation is less painful than that.

In 1987 the government will have a novel source of revenue: its income from the privatizations, which will provide up to 15 billion francs in financing for expenditures formerly included in the state budget (the appropriation of capital to state-owned enterprises and the indemnification of stockholders in the banks and firms nationalized by the Left). That debudgeting explains most of the reduction in the budget deficit.

It will also be noted that the 27 billion francs in tax relief that will be granted to households and businesses next year will not prevent the state's tax revenues from increasing by 4 percent—that is, two times faster than inflation.

Explanation: thanks to the improvement in the economic situation, the tax yield is improving considerably. And it is that favorable factor which is allowing the government to be so generous in lowering taxes next year.

Expenditures

Defense

Defense (169.2 billion francs) will absorb nearly 60 percent of the new measures included in the draft budget (11 billion francs out of every 19 billion). Excluding pensions, military expenditures will rise by 6.9 percent. For the first time in 20 years, the equipment budget is higher than the operating budget. Even so, 1,000 new positions for auxiliary gendarmes are being provided for in the operating budget.

Security

The budget for the Ministry of Interior (57.4 billion francs) is up by [figure illegible] percent, while the Ministy of Justice will get 13.3 billion francs. Over 1 billion additional francs are being allocated to security, resulting in the creation of 1,367 jobs in the National Police. In the prison administration, 2,491 new places for prisoners will be possible "thanks" to the creation of 1,100 new jobs. Lastly, 250 million francs will be allocated to the interministerial mission for combating drug addiction.

Employment and Vocational Training

Activities in support of employment and vocational training are being allocated 71 billion francs for an increase of 8.15 percent. Of that total, 22.3 billion francs will be used for vocational training.

Overseas Territories and Departments

The budget for the TOM-DOM [Overseas Territories and Departments] alone is increasing by more than one-fourth in comparison with 1986 to a total of 1.7 billion francs. Credits are being provided under the program law relative to the economic and social development of the TOM-DOM, and the activities begun in 1986 to benefit New Caledonia are being continued.

Research

Credits for all sectors of research combined total 81 billion francs for an increase of 3.7 [as published]. But that overall amount conceals a sharp decrease in credits allocated to civilian research. With its structure unchanged, the research budget is down by 6 percent—in the case of government employees, 19,102 positions are being eliminated in categories C and D, and 447 are being eliminated in category A. The reduction in category A will affect primarily the following ministries: National Education, Defense, Posts and Telecommunications, Equipment and Housing, and Economy and Finance. In addition, pay increases next year will be held strictly to what is necessary for maintaining the purchasing power of the employees.

Industry

Credits for industry will fall to 35.3 billion francs—a 10-percent drop in current francs. Capital appropriations to state-owned firms will drop by 26 percent. Aid for private firms in difficulty will be reduced by half. On the other hand, aid for electronics and data processing is being increased, as are credits for industrial conversion (mainly for the benefit of shipyards).

Revenues

Taxes on Households

Carefully trimmed tax revenues and tax relief amounting to nearly 27 billion francs—that is the big news in the 1987 budget. But for households, the net

effect will be unchanged. Their 15 billion francs in tax relief will barely be enough to offset the additional contributions they will have to pay next year to help bail out social security (see page 10 [not included]).

Single individuals should also have a rough time of it—especially those on low incomes! When it comes down to it, the special deductions and exemptions allowed for those at the low end of the income scale to "offset" elimination of the tax on large fortunes are being granted only to families, which in 1987 will benefit from the "low-income deduction" previously granted only to single individuals. Two million families which otherwise would be liable for less than 2,200 francs in tax will in fact pay no tax at all. All those owing less than 4,400 francs will get a reduction equal to the difference between that ceiling amount and the theoretical amount of their taxes. Some 1.8 million tax households should therefore see an average drop of 30 percent in their tax liability (cost: 4 billion francs).

Also for families only: an additional half of one deduction for dependent children can be taken by families with more than four children (260 million francs). And families with five or more children will be exempt from the auto license fee.

And again for families: deductions for child care are being doubled. It will be possible to deduct up to 10,000 francs from payments to one's baby-sitter in 1987 (300 million francs).

On the other hand, single individuals will find a 3,000-franc limit placed on the exemption corresponding to their second deduction for dependents if they are living with children or single parents (100 million francs).

In the case of people with high incomes, the tax on large fortunes is being eliminated (4 billion francs), and the maximum tax rate is being reduced from 65 percent to 58 percent (1.5 billion francs).

In a move favoring "the handing down of firms" to one's heirs—but also favoring evasion of the tax on large inheritances—the inter vivos division of property among one's heirs is being restored (with an allowance of 25 percent if the donor is under 65 years of age and of 15 percent if the donor is between 65 and 75 years of age) (100 million francs).

Purchasers of new buildings for rental purposes will now be able to deduct 10 percent of the building's cost price instead of 5 percent. And for a period of 10 years, the same building owners will get a flat 35-percent allowance on rents collected (instead of 15 percent). In the case of married couples, up to 30,000 francs of the interest on money borrowed to acquire housing may now be deductible (instead of 15,000 francs) (160 million francs).

Lastly, the general rule is that there will be a 3-percent allowance on everyone's income tax.

Business Taxes

Business is officially receiving 11 billion francs in tax relief. But from that amount must be deducted at least 1.1 billion francs representing the cost of measures that apply only to artisans, merchants, physicians, and the other liberal professions.

The rate of corporation income tax is being reduced from 50 percent to 45 percent in the case of redistributed profits (the rate was already 45 percent in the case of reinvested profits) (cost: 3.8 billion francs).

The basis of the business tax (employment and investment) is being reduced by 16 percent. Physicians going into practice in towns of less than 2,000 inhabitants are exempted from the business tax (cost: 5 billion francs).

People in the liberal professions, merchants, artisans, and farmers will receive an allowance of 20 percent up to a maximum of 250,000 francs (instead of 192,000 francs) if they belong to an approved management center (500 million francs).

The stamp tax on automatic devices (pinball machines and so on) is being eliminated (140 million francs).

Reserves for paid vacations that are set aside in 1987 will be deductible from operating results next year (100 million francs).

The rate of the tax on overhead expenses is being reduced from 30 percent to 20 percent (700 million francs).

Small and medium-sized farmers who withdraw from the flat rate system will benefit from transitional rates. Small farmers whose turnover is less than 35,000 francs (compared to 10,000 francs previously) are exempt from the value-added tax. And lastly, home distillers will see their taxes diluted (see LIBERATION, 12 September 1986) (300 million francs).

11798

CSO: 3519/250

ECONOMIC

STATUS OF INDUSTRIAL RECONVERSION ASSESSED

Madrid EPOCA in Spanish 1 Sep 86 pp 60-62

[Article by Jesus F. Briceno]

[Text] The process of reconversion backed by the Administration and agreed upon with enterprises and unions will eliminate 67,239 jobs. To these, one must add those stemming from the second reorganization, which will affect iron and steel, mining and automotive enterprises, whose preliminary plans, already well along, are now being studied by the Ministry of Economy.

The loss of jobs will affect (is already affecting) a fourth of the personnel in all sectors subject to reorganization as this article is being written.

In absolute terms, the adjustment presents a high sectorial concentration, representing approximately 75 percent of those in the overall iron-and-steel sectors (25.6 percent), shipbuilding (19.4 percent), electrical household appliances (18.8 percent) and special steels (10.1 percent). At the end of the process, in the overall iron and steel sector, 41.4 percent of the personnel will be gone and the figures for electrical household appliances, special steels and shipbuilding will be 53.2, 49.7 and 35 percent respectively.

At the end of last year, according to data from the Ministry of Industry, the process of personnel adjustment (the official report never refers to the loss of jobs) was already well underway, with practically 80 percent of the 67,239 layoffs planned from the date of the initiation of plans to their finalization (the most extensive in 1990) already carried out. The adjustment still pending only affected 14,889 jobs, with the handling of these surpluses already agreed upon with enterprises and unions.

Reorganization of these enterprises, whose personnel at the beginning of the reconversion plans totaled 262,024 workers, which figure will be reduced to 194,785 in 1990 (74.5 percent of all personnel will be saved), will cost the public treasury nearly 1.5 billion pesetas, including direct subsidies, expansion of capital with required subscription by the government or the INI [National Institute of Industry] and participatory credits. This sum does not include the rescue of Rumasa or the reorganization of Seat, among other spectacular actions of recent years which involved another 750 billion pesetas. In other words, in round figures, the official reconversion is similar to the current deficit of the Spanish Government, without considering assistance to workers through Employment Promotion Funds or the forced retirement of 15,000 workers.

Iron and Steel: Highest Cost

The lion's share goes for iron and steel. Subsidies from the Ministry (MINER), participatory credits and capitalization from the INI to its industries represent practically 60 percent of all government aid. For the shipbuilding, special steels and household appliances sectors, that percentage is 66.9, 71.2 and 55.1 respectively. In the way of assistance to all sectors undergoing reconversion, total subsidies granted by MINER starting in 1982 and running until 31 December 1985 amounted to 127,531,000,000 pesetas, while sums pledged until the end of 1988 amount to 89,845,000,000, basically earmarked for the sectors of iron and steel (32,909,000,000 pesetas), textiles (15,948,000,000) and fertilizers (17.41 billion).

Another source of generous financing has been the Industrial Credit Bank, which has also contributed in a very significant way through the granting of loans and endorsements, most of these with the subsidiary guarantee of the government, and also participatory credits. The total amount of creditsendorsements granted by 31 December 1985 was 203,002,000,000 pesetas and new grants for a total of 88,248,000,000 pesetas by the end of 1988 are planned.

Enterprises in the overall iron and steel sector are those which absorb the highest proportion of those credits and endorsements (practically 55 percent), followed at a considerable distance by those in the textile (8.2 percent) and electrical household appliances (7.4 percent) sectors. Participatory credits, which are basically concentrated in the sectors of overall iron and steel, special steels and electrical household appliances, are also of considerable importance as a mechanism for the financial rehabilitation of enterprises. By 31 December 1985, a total of 47,665,000,000 pesetas had been granted and new grants are planned until the end of 1988 amounting to 36,805,000,000 pesetas.

The National Institute of Industry has been another of the channelers of this financial drain aimed at shoring up enterprises leading the way in the official reconversion. Through capital expansions underwritten by the INI and the replacement of losses, financial resources amounting to 349,423,000,000 pesetas had been transferred by the end of 1985, 60 percent to iron and steel enterprises and 32 percent to shipbuilding enterprises (subsector of major shipbuilders). Through these two types of financing, some 239.98 billion pesetas remain to be given out by the end of 1988.

In addition, credits and endorsements from the Institute granted by 31 December 1985 to enterprises subject to reconversion amount to 170,941,000,000 pesetas, with some 70 percent going to Astano and AESA.

Pensions, Indemnification, Unemployment

A total of 48.45 billion pesetas in credits and endorsements will be granted to iron and steel firms in 1986 and 1987. Some 60 percent of the surplus workers resulting from this industrial reorganization process will have been absorbed by Employment Promotion Funds or have taken early retirement. In some of the sectors having the greatest social impact due to the volume of

Evolution of Personnel in Sectors Undergoing Reconversion

Sectores 1)	Periodo de referencia (1)	2)	N.º de empresas acogidas 3)	Plantilla inicial (2) 4)	Plantilla final prevista (2) 5)	Plantilla a 31-12-85 6)
Construcción naval (GA) 7)	30-6-84 31-12-87		2	21.920 (100)	14.019 (63,9)	13.745 (62,7)
Construcción naval (PM) 8)	30-6-84 31-12-87		27	15.427 (100)	10.223 (66,2)	10.165 (65,8)
Siderurgia integral 9)	31-12-80 31-12-90	da i dicar de director	3	42.837 (100)	25.570 (59,6)	31.711 (74,0)
Aceros especiales 10)	31-12-80 31-12-87		11 .	13.744 (100)	6.919 (50,3)	9.882 (71,9)
Electrodomésticos linea blanca 11)	31-12-80 31-12-87		18	23.869 (100)	11.190 (46,8)	14.507 (61,2)
ERT (Grupo) 12)	31-12-83 31-12-87		6	10.242 (100)	. 7.990 (78,0)	8.662 (84,5)
Textil (3) 13)	31-12-81 31-12-86		534	97.494 (100)	. 88.148 (90,4)	89.727 (92,0)
Standard-ITT 14)	31-12-83 31-12-86		2	18.681 (100)	17.224 (92,2)	18.158 (97,2)
Equipo eléctrico automoción 15)	31-12-81 31-12-85		2	6.720 (100)	5.378 (80)	5.402 (80,3)
Componentes electrónicos 16)	31-12-81 31-12-85		17	3.7 44 (100)	2.200 (59,5)	2.360 (63)
Semitransformados de cobre 17)	31-12-81 31-12-84		4	4.503 (100)	3.430 (76,1)	3.401 (75,5)
Asturiana del Zinc 18)	31-12-80 31-12-82		. 1	2.843 (100)	2.494 (87,7)	2.494 (87,7)
TOTAL		•	627	262.024, (100)	194.785 (74,5)	209.674 (80,2)

Corresponding to reference dates for initial and final personnel staffs.

Source: General Technical Secretariat, Ministry of Industry and Energy

Key:

- 1. Sectors 2. Reference period 3. Number of enterprises included
- 4. Initial personnel staff 5. Final personnel anticipated 6. Personnel on 31 December 1985 7. Shipbuilding (large-scale) 8. Shipbuilding (small, medium) 9. General iron and steel 10. Special steels 11. Electrical household appliances 12. ERT [Rio Tinto Mining Company] (Group)
- 13. Textiles 14. Standard-ITT 15. Automotive electrical equipment
- 16. Electronic components 17. Semi-finished copper products
- 18. Asturiana Zinc

² Figures in parentheses are index numbers based on initial personnel.

³ The period of inclusion of enterprises in the Textile Reconversion Plan ended on 31 January 1986. Data for this sector refer to the 534 enterprises included in the plan by 31 December 1985.

workers affected, such as shipbuilding, general iron and steel and special steels, the percentage goes as high as 91.4, 77.5 and 70.2 respectively. This fact, which on the one hand solves the human problem of the working population losing jobs and which, on the other, frees the enterprises from the social costs stemming from the adjustment to market prices, is simultaneously accompanied by the need for a greater budgetary effort by the Administration, which is forced to take over the compensation agreed upon, in addition to covering unemployment and pension costs.

The 1.5 billion pesetas earmarked for enterprises to be reorganized has resulted in satisfactory performance by them, according to the Ministry of Industry, with a favorable evolution of their financial charges in terms of the financial costs/sales ratio. In all sectors, except for that of the semi-finished copper products, a very positive trend has come about, especially in electronic components, the ERT group and electrical automotive equipment. In all of them, the combined effects of the financial rehabilitation measures and the positive evolution of the invoicing reduced that ratio to 74, 71 and 67 percent respectively.

With respect to the evolution of personnel costs, adjustment measures (official reports prefer to speak about a "re izing" of personnel staffs) have generally had a very positive influence, with the same percentage results as those given for invoicing.

All the sectors evolved positively in the 1981-1985 period, especially in those of electronic components, special steels, electrical automotive equipment and the ERT group, where that ratio was reduced to 54, 39, 29 and 24 percent respectively. One should also point out the improvement in the two shipbuilding subsectors (33 percent in the large-scale and 26 in small and medium-sized enterprises). The reduction in personnel has increased the productivity of those which have retained their jobs, from 29 to 62 percent for all sectors except shipbuilding, due to the lack of demand.

Situation at Rio Tinto Mining

Two new reconversions underway have come to light although the term of the first has not yet expired. Employment regulatory orders are being prepared for the Rio Tinto Mining Company. This resulted in the paralysis of the entire Huelva Basin on 13 August, the Hunosa Basin and the iron and steel basin, the latter in the framework of the EEC.

Huelva could become another Sagunto this fall because of the employment measures affecting 1,200 workers in Huelva and another 100 company workers in Galicia. Women and children went out into the streets to defend their husbands' and fathers' jobs. Rio Tinto Mining Company works the Corta de Atalaya, Pozo Alfredo and Cerro Colorado deposits. According to company sources, losses so far this year amount to 2,013,000,000 pesetas and the foreseeable increase in their volume seriously compromises the future of the enterprise. Consequently, a request has been made to rescind the contracts of 1,200 workers, all residents of the towns of Nerva, Zalamea la Real, El Campillo and Campofrio.

Another of the eternal reorganization projects is Hunosa, which has just presented its proposals to the National Institute of Industry. These proposals, which go as far as the year 2000, embrace a very wide range of solutions from a total shutdown of facilities, with the loss of 20,957 jobs now existing, to the maintenance of the current situation or an increase in production. Over the past fiscal year, Hunosa lost 8 billion pesetas, to which one must add another 26 billion pesetas in subsidies.

11,464

CSO: 3548/83

ECONOMIC SPAIN

IMPACT OF UNDERGROUND ECONOMY REVIEWED

Madrid EPOCA in Spanish 25 Aug 86 pp 68-69

[Text] The issue of the underground economy came to the forefront in Spain with statements made by Minister Solchaga in Mallorca in evaluating unemployment. Its essential cause, as we reported in the 4 August edition of EPOCA, is the burden of taxes and social security.

In its 9 July issue, DIARIO 16 presented a graph under the headline "The Fiscal Pressure Race" and stating that for Spain, "it is not so much the fact that fiscal pressure is growing year after year, reaching virtually European levels, but rather, that this pressure is exerted on a small base of the citizenry. Many incomes evade tax control, thereby causing the pressure placed on those who pay to be overwhelming.

One thus glimpses the situation which we can try to understand through the following diagram [not reproduced], inspired by that intuitive truth known as the Laffer curve, whose bell-shaped line appears on the left side of the graph.

If the reader decides to follow the explanation, he will see that it is a very comprehensible diagram. The vertical axis measures fiscal pressure. The horizontal axis on the left measures fiscal income collected. In other words, one obtains as much fiscal income -- in quantity OD -- with fiscal pressure OC, as with the much higher fiscal pressure OB. The maximum fiscal income is observed to be obtained with fiscal pressure OA. Anything over that -- crossed out on the graph -- is a mistake. It serves no purpose. The horizontal axis on the right measures the level of activity through productive capacity. As fiscal pressure increases, there is less activity related to the formal or legal economy. In contrast, there is greater activity related to the irregular economy. The formal and underground economies combine to make up the total economy. It is obvious that the latter declines, although with less force than the formal economy, when fiscal pressure increases.

The widespread nature of the phenomenon seems to indicate that the underground economy has been something like a mechanism of adjustment for the entire world economic system on both sides of the iron curtain. Thanks to it, the latter escapes a whole series of labor, fiscal and social security incongruencies and adapts better to conditions deriving from the economic crisis. From this is also derived something like an optimistic version of the phenomenon. It has become so widespread that it has even been accepted by such persons as Jose

Borrell, secretary of finance, when he states, according to the June 1986 issue of FUTURO, that this type of economy "is a profound perversion of the market economy and the social reaction to maladjustments. Obviously, one must require enforcement of the law and, at the same time, change a set of norms in order to adapt them to reality. In order to bring up a submarine, it is not enough to drop depth charges." Or, and it amounts to the same thing: The market economy reacts so that it warns us that maladjustments between the legal and the real market indicate that it is necessary to adapt the former to the latter.

"Some Kind of a Job"

One suspects that the extremely high figure of unemployment in Spain might become a kind of important sector in our underground economy. The 30 June issue of NEWSWEEK reported that 50 percent of all Andalusian unemployed worked "at some kind of a job." In addition, social peace in Spain, which gets along with 3 million unemployed, probably has to be bought at some price. One of them is excess public spending, especially in the sector of unemployment benefits, either through social security or through transfers to public and private enterprises. The other social cost is that of great permissiveness regarding the underground economy.

In a SOFEMASA survey, FUTURO, it became very clear that a poll of 409 persons out of a world of business executives in companies with gross annual billing of over 500 million pesetas, tells us that Spanish business executives believe that "the government does not prosecute, but rather, tolerates this type of activity." This opinion is shared by the unions. Marcelino Camacho, leader of the Workers Commissions (CCOO), said: "Instead of attacking (the causes of the underground economy), the government has stimulated it with flexible standards, seasonal contracts, and so on, that it has approved during its administration. The law on seasonal contracting and flexible standards are the most direct steps toward so-called moonlighting."

All of this points toward the great importance of this type of economy in our country. Through the SOFEMASA survey in FUTURO, the order of sectors affected, based on the percentage of positive responses to the existence of an underground economy is them, is as follows:

Sector	Percent
Textiles, ready-to-wear, furs	44.7
Shoes	33.6
Computerized banking services	14.6
Construction	13.4
Commerce	7.5
Food	6.7
Metallurgy	5.9
Data processing	5.5
Hotel trade	4.7
Toy business	4.7

But this quantification must be expanded. There have been several attempts. One of the first was by M. A. Molto, who began such calculations in his work "The Underground Economy: An Initial Approach to the Case of Spain," which appeared in REVISTA ESPANOLA DE ECONOMIA, July-September 1980, based on the Guttmann ratio between cash in circulation and demand deposits. This says that if the former grows much more than the latter, it is likely that the underground economy is expanding. Molto figured that for 1979, it amounted to 10 percent of the GNP.

For 1981, according to estimates of J. B. Terceiro in "The Covert Economy," published in ANUARIO EL PAIS 1982, it amounts to 33 percent of the GNP. It thus exceeds the 23 percent of the GNP for 1978, according to A. Lafuente in "Spanish Commercial Information." Terceiro includes prostitution -- 3 percent -- and drug trafficking, also 3 percent.

The National Employment Institute offers the following sectorial percentages within the scheme of economic immersion in Spain:

Sector	Percent
Agriculture	11.7
Extraction and processing of metals	1.07
Precision mechanics and metal processing	7.44
Other manufacturing industries	20.22
Construction	24.47
Transport and communications	4.25
Commerce and hotel trade	18.08
Financial institutions and insurance	. 54
Other services	12.23
Total	100.00

Terceiro came to the conclusion -- which has not been contradicted -- that the sectors mainly affected by the phenomenon are: construction, services, shoes, toys, ready-to-wear, textiles and leather.

We must also note the information from Santos M. Ruesca — one of the best systematic studies of the Spanish underground economy — and Antonio Garcia de Blas, to the effect that over 40 percent of the companies studied in Andalucia with under 100 workers have "moonlighters" to some extent. Finally, in the Valencia community [sic] The above map [not reproduced], which appeared in FUTURO without any source notation, appears to be sufficiently acceptable. Allowing 22 percent unemployment, according to the National Statistics Institute, and Solchaga's estimate that only 15 percent is absolute, there remains 7 percent — 1 million retired — in the underground economy. To continue with this quantification, it is very important to take into account the last summary of this problem from Leandro Garcia Menendez and his team, found in his extremely valuable work "Economia sumergida y crisis industrial en Espana" (Valencia, 1986).

Negative Factors

With this information in hand, it is quite clear that our situation is very different from that of Italy or France. Except for a certain subsector of the shoe industry in the Vinalopo Basin perhaps, the basic difference is that our underground economy essentially works for the domestic market rather than the foreign market. Whence an extremely important consequence: This permissiveness of the domestic market makes it less exigent, with regard to technological progress, insofar as the demand met by our underground economy is concerned. A "considerable technological lag" is thus generated and this has "a series of negative implications with respect to the adjustment process."

He therefore takes a pessimistic view -- in contrast with Borrel's optimism -- and believes that "arguments defending the underground economy as a valid response to the industrial situation that the Spanish economy has experienced and is now experiencing are therefore not acceptable." The social costs of the underground economy are not only a deterioration of working conditions in terms of hygiene and safety, the number of hours worked and child labor, but rather, include obsolescence or, if one prefers, technological backwardness.

One therefore formulates serious reservations about what one might call a simplistic neoliberal aprioristic statement — the market rebels against impositions — and since the underground economy is the fruit of such rebellion, it must necessarily be good, inasmuch as it signifies a non serviam to coercive measures of the welfare state.

Conclusion

The underground economy in Spain is therefore something like a group of cancerous cells that kill by generating technological backwardness. It should not then be viewed as a kind of natural reaction deserving of an understanding smile, much less as the deliberate fruit of a few evil businessmen exploiting the community. The fact is that what is responsible for the bad situation is not the individual who runs from it and takes refuge in the underground economy, but rather, the one who creates fear with a tax structure that is increasingly rejected by public opinion and the experts.

Angel Panero, president of CEPYME, put it very well: "The origin of the underground economy is basically found in the impossibility of small and mediumsized enterprises — the majority in Spain — of meeting the growing fiscal and social needs." This naturally takes us to the issue of public spending and the extent of the sector with which the administration is directly and indirectly concerned. It also leads us to the matter of the advice proferred — in vain, it would appear — by the Bank of Spain. We shall devote our actention to these issues in the future.

11,464

CSO: 3548/83

MILITARY

KRUENES ON POLITICAL FUTURE, DEFENSE BUDGET, PROCUREMENT

Vienna PROFIL in German 8 Sept 86 pp 22-23

[Interview with FPOe Defense Minister Helmut Kruenes by PROFIL staffers Christoph Kotano and Otmar Lahodynsky, date and place not given: "Boss, Business Is Lousy"]

[Text] [Question] Mr Minister, when you did your military service, you went home after just 10 days "for health reasons." You have just had a physical examination at the Army Hospital. Are you fit--as a cabinet minister?

[Answer] As far as my state of health goes--yes. In fact, the doctor said he was surprised because the job took more out of my predecessors in office than it has of me.

[Question] Your good physical condition will stand you in good stead as early as next weekend at the FPOe national congress. Former Defense Minister Frischenschlager warned last week that the party congress must not be allowed to turn into chaos. How do you propose to inject military discipline and order into the FPOe rabble?

[Answer] My contribution does not consist in injecting military discipline. From my point of view, the greatest danger for any political organization is when it begins to concentrate on personnel conflicts rather than on matters of ideology and substance.

[Question] For one thing there is the discussion about the FPOe general secretary's job. Do you agree with Steger that the post of a second general secretary should be created?

[Answer] The fact is that I helped draw up the original statutes because the secretary general's job was created for me personally while Goetz was chairman of the party. I am surprised about the very idea of two general secretaries. In any event, it is not the party congress that elects the general secretary but the party leadership.

[Question] The debate about Grabher-Meyer and Steger has created a permanent crisis situation inside the FPOe.

[Answer] There is good reason for the FPOe to engage in self-criticism. The situation is not really encouraging. Entire segments of the party's traditional supporters are about to switch to other blocs of voters. The FPOe has definitely lost some share of the market. When such things happen in the business world, one cannot put the blame on the market.

[Question] The market for your party has virtually collapsed.

[Answer] We are just now in the midst of the debate about the socialized industries but even in private sector enterprises, it takes a long time for someone to have the courage to say "boss, business is lousy." The fact is that the FPOe is not gaining on the market these days. We must therefore ask ourselves why the market is not being good to us. Are we producing something the market neither needs, nor wants? Or doesn't the customer know our goods well enough?

[Question] What does this market analysis do for you personally and for the FPOe?

[Answer] There is no real need to go the VOEST route and throw out the whole board of directors. Overanxious actions might even impede normal developments. In the VOEST crisis, it took almost one year before some real decisions were made. If we apply that to the FPOe, any decision in this direction would pay no heed to important dates such as the elections to the national assembly next April.

[Question] Your plans for a solution, in other words, do not call for replacing the party chief?

[Answer] One has to know what one wishes to achieve in substance rather than limit oneself to some specific personnel action. As far as I am concerned, the FPOe is a liberal party which should not create the impression of being a "leader" party. That is not the kind of party I would want to be a part of.

[Question] What you are proposing then is to stay the course in accordance with the new slogan "never change a losing team?"

[Answer] The FPOe has always been good for surprises. As one of its members, I would never try to prophecy what its functionaries will do in a crisis. But there is a difference between a winning or a losing team doing something on its own or a leadership group fighting among itself up on the rostrum while the membership in the auditorium sits by and watches.

[Question] In case of emergency, would you be willing to replace Steger ?

[Answer] I am unable to predict how critical the debate in Innsbruck will be because I am not grounded in the party organizations in that way. But I do not intend to ask for the job, if the situation comes up. But I would run for the deputy chairmanship of the party because I have been asked to do so.

[QUestion] Your next baptism of fire as defense minister is about to take place. At the moment, you are in the midst of negotiations on the new military budget which traditionally turns out to be meager in an election year. Are you trying to get more money from the finance minister for the upcoming stage of military expansion?

[Answer] Our plans for raising the manpower ceiling to 300,000 and procuring the necessary equipment—that is not the problem. The real problem is how our forces have been built up thus far. We left the expensive items for last and concentrated on building up troop strength...

[Question] ...which is only on paper ?

[Answer] Many of the expensive companies which require heavy weapons or which operate in the supply and transportation area have not yet been set up. It is simply shocking to see how little Austria is willing to spend on defense and how unready she is to defend herself. The businessman in me knows of course that we must put an end to the continuous enlargement of the overall budget but I still think it is unjustified to cut the defense budget alone. On the other hand, I cannot keep up the illusion that our national defense will collapse, if we fail to get more money next time around.

[Question] On 21 September, Landtag elections will be held in Styria. The FPOe will be fighting for its survival there. Did you have that election in mind when you made the announcement that you would review the purchase of the Saab "Draken" aircraft?

[Answer] No, I do not believe that the FPOe will be judged in Styria on the Draken purchase alone.

[Question] Have you made up your mind on the Swedish bombers already?

[Answer] Saab still owes some specific data. We are still conducting a number of tests, including one on metallurgy. Generally speaking, my position is that this is an existing contract which will be fulfilled, if the partner also adheres to its provisions in toto.

[Question] Is it conceivable that the contract might be cancelled in view of the fact that the Swedes have already collected one-third of the total purchase price?

[Answer] By the end of the year, it will probably add up to 781 million schillings. But if we should find that there are deviations from the original bids, then that would have an effect on payment or other advantages. The die has been cast; but I will not hide the fact that I would reach a different decision today, if I were in a position to do so.

[Question] Inside the military establishment you are viewed as a man intent on saving money. Is it true that you personally bargain with military suppliers to get them to cut their prices?

[Answer] It gives me pleasure to save money wherever I can. Just recently, I aroused one businessman's ire when I told him I would not allow the military to continue supplying a service to him free of charge.

[Question] But according to government regulations it is against the law to ask the lowest bidder to cut his prices even further.

[Answer] But it is not against the law for a bidder to accept less payment for the goods he supplies—which is not to say that I am breaking government regulations.

[Question] You said recently that Austria should not build up an armaments industry of her own.

[Answer] The idea that Austria could achieve complete autarky in the production of military goods is an illusion. Even an Austrian tank will contain major parts which have to be imported. Any domestic armament industry will only be able to exist in the context of an international arrangement.

[Question] Based on a suggestion by CA Director General Androsch, Nationalized Industries Minister Streicher now wishes to go through with a merger of our domestic arms factories. Do you think that makes sense?

[Answer] Nothing much would change as far as our own armed forces are concerned; but in the area of international competition, we did not have one single supplier thus far. In this sensitive area there should be a coordinated approach. On this I agree with Androsch, Streicher and Sekyra.

[Question] Recently, you went public with your dreams of "a small rocket program in the sense of a research project on behalf of the military." Is that supposed to turn into a kind of Alpine Version of SDI?

[Answer] The Americans provided an impulse for the entire economy with their space research program. Our own defense ministry could provide similar impulses for our domestic economy. I am thinking in this connection of our electronics and data processing sector because it is dangerous for Austria to keep on building tank hulls, for example, while having to import the electronic components for the turret. I am also concerned about the fact that our training personnel is not sufficiently familiar with modern weapons technology. We still have lots to do in this respect in the training sector.

[Question] Your unannounced visits to the military barracks have frightened the troops. The officer comps has criticized you for this. What have you learned from these visits?

[Answer] I could tell you right now when I will be making my next visit; but there are only three or four people who really know about it the night before. I have learned a lot and I hope that others also learned something. It took a while to get used to the idea that the minister would go to the barracks unannnounced and start asking indiscreet questions. Of course mistakes come out—for one thing involving the attitude of the entire organization which is no longer used to dealing with the unexpected. But I think it is extremely danegrous for an army not to be able to cope with an atypical situation instinctively. I have made up my mind to pay this type of visit to at least one barracks per week.

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CSO: 3620/3

DEFENSE FIRMS FACING CHOICE: EXPORTS OR CIVILIAN PRODUCTS

Hamburg DIE ZEIT in German 5 Sep 86 p 31

[Article by Michael Schmitz: "Zeppelins Instead of Tornadoes--Production of Civilian Goods Proposed To Close Gap in Orders at Armaments Firms"]

[Text] Ludwig Ladewig is dreaming of a Zeppelin. "A real, rigid airship, not a rubber sausage which flies through the area as an advertising blimp." Construction would cost DM15 million. A lot of money for a crazy idea?

Behind this lies the intention to convert at least part of the armaments industry to civilian production together with the hope of insuring endangered jobs in this branch of industry. Messerschmitt-Boelkow-Blohm (MBB), West Germany's largest armaments concern, is supposed to produce the Zeppelin, first as a prototype, then in series.

Ladewig is chairman of the factory committee at the MBB subsidiary in Bremen. He has already often had to hear from management personnel, and at the beginning even from his colleagues, that this was all fantasy. But Ladewig did not give up. A Zeppelin would be useful in those regions without developed transporation infrastructure, with its range of 2400 km, its air speed of 80 km per hour, and the carrying capacity of a Jumbo jet; to be used in building the Siberian pipeline or for the shipment of bulk goods in Africa and Asia.

An airship needs neither takeoff nor landing strips and, filled with non-flammable helium, it needs energy only for forward movement: "A Zeppelin is friendly to the environment and cost-effective."

It could be used significantly for serveillance of coastlines and oceans, as a "flying laboratory with a crew of scientists who immediately analyze water samples and quickly identify environmental polluters who perhaps dump oil or release poisons." Small airplanes like those used by the West German navy are not suited for this, because they cannot carry either the proper equipment or enough people. In addition, they would have to land within only a few hours—a Zeppelin remains in the air for 30 hours.

Reaching back to airship designs of the 1930's, enriched by the knowledge of today's engineers and technicians, Ludwig Ladewig and his colleagues of the "work group for alternative production at MBB" developed the Zeppelin project

when it became clear to them that the armaments industry does not guarantee their jobs for the long term. The business cycles of this branch are showing irregular curves, dependent upon government allocations and the politically defined useful life of weapons systems.

Industry is building new production capabilities for the production of each new generation of weapons, and at an always higher level because armaments technology is becoming increasingly complex. Armaments expenditures rise proportionately. The government sets financial limits, with the result that the plants are not continually at full production, until another procurement wave rolls in. From the viewpoint of the armaments industry, armaments goods are too long-lived in peacetime, except for munitions, which are adequately used up for training purposes.

MBB-Bremen is building, among other things, parts for the Tornado combat airplane which is jointly produced by various European countries. The manufacturer
is now cutting back his production to the point where NATO requirements are
being met. According to the plant committee, 480 workers in Bremen have to
fear for their jobs. MBB can hope for a new large project in this sector in
1992 at the earliest, if at all. That is to be the Jaeger 90, a fighter plane
whose design is not yet complete.

According to the claims of the alternative work group, this gap in orders could be closed through the construction of Zeppelins. The first interested parties have reportedly made inquiries recently. Nevertheless, the firm's board of directors, after waving this off for a long time, is checking whether the work group's positive market prognosis is accurate. The plant committee is "moderately optimistic." As innovative as weapons managers appear when they are praising new weapons technology, they usually react just as inflexibly when they are expected to think in terms of civilian production.

Similar experiences have been had by the workers of the tradition-rich Blohm and Voss shippard in Hamburg. The firm has lived for years from armaments contracts, but the business boom has been over since 1983. At that time, the firm was supplying warships to Argentina. The plant committee's Gerd Taschenberger relates: "Management believed that they could produce frigates on an assembly-line basis, but the eager customers now lack the money."

Today, only ships awaiting repair now lie in the docks at Blohm and Voss. The former big customers from commercial shipping have long since emigrated to the cheap-labor countries. The shippard registered its last civilian order in 1978. Even though an Italian customer has just ordered a passenger ship, the overall situation looks bad.

In an informal conversation, a member of the board of directors pleads for armaments exports. The destination makes no difference to the firm, the government merely needs to create the political conditions. The plant committee considers this to be an incorrect viewpoint. "Instead of aimlessly

trying to hunt out profit-producing niches in the world market or inflating national armaments expenditures, we should improve the environment with our work and thus secure and improve our quality of life."

The Blohm and Voss workers also point to a large number of suggestions for alternative production. They cite recycling installations for the recovery of raw materials from household and industrial waste and from sewage sludge or techniques for the removal of sulphur from chimney fumes. Japan is exemplary in this context because industry there is energetically developing environmental technology and demonstrates that there is a market available for it.

A crisis mood is wide-spread in the armaments industry. In this case, the federal government had already warned in 1984 that between the currently ending second procurement wave and the third one beginning only in the 1990's there would arise an unclosable gap for the aircraft, armor, and ship industries.

The West German armaments industry ranks as the fifth largest weapons manufacturer in the world on the basis of its estimated annual sales of DM32 billion, and it employs 250,000 persons. The American Arms Control and Disarmament Agency (ACDA) lists the FRG in fourth place in its statistics on the world's weapon exporters behind the United States, the USSR, and France. The politicians are also proud of this "performance level." The present FRG administration is, for the first time in the history of the FRG, following a policy which wants to compensate for cyclically weakening demand through aggressive export of armaments. Government representatives are increasingly taking trips as representatives of West German armaments concerns. Ahead of all others, Defense Minister Woerner. During his most recent visit to Israel, he sounded out Israeli interest in the Leopard II battle tank, the masterpiece of West German weaponsmiths.

Even Woerner's side-trip to Japan, South Korea, and Indonesia served the armaments business, and was applauded by the armaments lobby. With the same intentions, Franz Josef Strauss sought contacts in China, and Chancellor Kohl flew to Saudi Arabia, which has been considered one of the best customers for many years.

Modern weapons business operates, as always, as unspectacularly as possible, predominately legally, without false bills of lading or secretive correspondence through third countries—although the Duesseldorf armaments firm Rheinmetall has had experience with this, as well as with the court processes which follow when illegal trade is discovered.

Very restrictive export regulations were in effect in the FRG until 1982. Deliveries to areas of world tension were basically forbidden, although the concept was subject to interpretation. The former social-liberal coalition invented additionally the criterion of the "vital interests of the FRG" and thereby opened up additional possibilities for business and negotiations, which the Christian-Liberal coalition can now use for an export offensive.

However, the market is no longer so lucrative as it was in the 1970's, when the boom reached its peak. At that time, 80 percent of the exports went to the Third World, weapons worth \$12 billion. The Stockholm Peace Research Institute (SIPRI) calculated in its most recent annual report that this amount has dropped to a price-adjusted \$7 billion. Seventy percent of weapons exports still go to these countries, but their high debts are forcing countries like Argentina, Chile, Ecuador, Indonesia, the Phillipines, Zambia, Venezuela, and increasingly Zaire to abstain from the purchase of weapons. The demand from OPEC countries is stagnating altogether, in spite of the Iranian-Iraqi war. For the armaments firms of Western industrial nations, not just for the FRG, this means: intensified battle for a decreasing demand.

With respect to this, Herbert Wuld of the Hamburg Institute for Peace Research and Defense Policy (IFSH) states: "Politics is now at a turning point. The strategy of the FRG is going in the wrong direction. Instead of concentrating upon armaments exports and upon subsidizing the purchase of armaments, it should support through an active economic policy the conversion of industrial capacity for civilian production, environmental technology, and transportation technology."

Just as in Bremen and Hamburg, the workers at Maschinenbau GmbH Kiel (MaK) think that the know-how is available in the plants. A work group for alternative production exists there, too. MaK shares in the production of the Leopard tank. The requirements of the West German army will be satisfied next year.

The Kiel work group is therefore recommending for example as production alternatives more rational transhipment techniques for railroad traffic and the technology for use of wind energy. People at MaK have before their eyes the success of Danish builders of wind energy installations who are continually acquiring new markets—in the United States, for example—and who, in the past 4 years, have created 2,500 new jobs. Immediately next to their plant, the Lindenau shipyard is building components for Danish wind energy installations. The MaK people think that they could do more.

However, armaments export has also long been for the MaK board of directors the means for making full use of production capacity. The work group was reproached with the comment that their suggestions were "damaging to business."

More recently, however, plant management has taken a new position. It claims to be thinking about new transportation technology, and is acting as general contractor for an energy project on Helgoland, which combines wind energy with log-fired power generators. Mak is making diesel motors for the power generators, but the wind energy installations are from another firm.

The plant committee's Heinz Schenk conjectures that management is counting upon the "Bismarck Effect" and, like the former Chancellor, is grabbing up the ideas of the workers in order to avoid more extensive demands. There exists no clear concept for conversion; therefore, it is to be feared that management will reverse itself as soon as "pilot projects" are completed. Schenk is continuing to plan for layoffs.

The avantgardistes in alternative production were at first laughed at from all sides. Now they feel the support of their colleagues in the plants and, after long hesitation, union leaders are agitating for conversion and are demanding more voice in the firms with regard to it.

At the beginning of the 1980's, workers at the HDW shipyard in Kiel demonstrated in support of additional armaments production and for export. The workforces of MBB-Bremen, Blohm and Voss, and MaK would hardly again go into the streets in support of such demands. Because, thinks Gerd Taschenberger: "Additional armaments expenditures endanger jobs even in the civilian sector, because money is tied up which could be used there more usefully."

13275/12795 CSO: 3620/810 CHOICE LOOMS BETWEEN 1990'S ARMOR UPGRADING, NEW SYSTEMS

Bonn WEHRTECHNIK in German Aug 86 pp 20-33

[Article by Wolfgang Flume: "Combat Effectiveness Upgrading or New Development? On the Subject of Tank Development in Germany"]

[Text] During these past several weeks, following an extended delay, the planning phase for a new generation of armored vehicles for the German Army was begun--the so-called combat vehicles 90 [Kampfwagen 90 (KW 90)]. Not resolved as yet is whether these will be wheeled or tracked vehicles, whether they will be new developments or combat effectiveness upgradings of tanks already introduced, such as the LEOPARD 1, for example. If one contemplates the financial aspect, it cannot even be said for sure whether there will be any new vehicles at all, so that critics also view the abbreviation "KW 90" to mean "Kann wegfallen fuer die 90er Jahre" [Can be written off for the 1990's]. The situation appears quite different from the threat standpoint: Here the Bundeswehr must do something to counter the qualitative improvement of the battle tank equipment of the Warsaw Pact noted in recent years. The following article attempts to describe the current state of the reflections in the army and by industry, but since much is in a state of flux some things may already be obsolete by the time this is read.

After long-term Bundeswehr planning has practically been "reintroduced" under Minister of Defense Dr Woerner and Bundeswehr Chief of Staff Altenburg, it has, thanks to the annual Bundeswehr plans, also become clearer and thus more discussable. Changes in the planning naturally also become more obvious as a result, and in those cases remarks about outdated or shoddy planning are quick to be heard. Planning, however, is a dynamic process and—particularly in defense—subject to impact through such factors as threat, finances, personnel and technology—to make no mention at all of politics. This makes it necessary for plans to be changed; on the other hand, as a planner in the Federal Ministry of Defense himself told WEHRTECHNIK, "planning should also not pursue a zig-zag course."

It is important to keep this in mind, for to an outside observer it sometimes looks as if the army's planning for the armored combat troops is constantly being revised, and what is more that this is being done at random. This has even caused one army officer to say: "In the past, the army planning was sound but foolish. Now it is not even sound!" The planners, to be sure,

rightfully deny categorically that this is the case, but they admit that they are in the midst of an investigative process concerning a reorganization for the 1990's. This naturally also impacts on theplanning for the armored combat troops. And if the army is now revising its conception and working out new objective and planning ideas, it must do this in conformity with the previously named factors, such as:

- --Finances: Also for the long term, it can be assumed that no increased spending for defense will be possible and that the army's share of the investment expenditures for the Bundeswehr should continue to be somewhat less than 50 percent.
- --Threat: Unexpected changes in planning as a result of a change in the threat are not supposed to occur, to be sure, but they cannot be avoided altogether, with the result that new priorities must be set during development and procurement.
- --Personnel: Since the demographic development is known, surprises in this area really ought not to occur. The shortage of personnel from the beginning of the 1990's forces the army to adopt a new structure, and this in turn has an impact on the numerical size of the weapons systems.
- --Technology: Further technological development should be generally foreseeable, to be sure, but not always its effects on military equipment. In certain sectors, the military is often almost overrun by technical progress, with which the German military material development process cannot really cope.

These and other factors, in turn, are closely related to each other. The use of new technologies is usually very expensive—there is therefore less money available for the developments and procurements. In other words, the use of new technologies to an unexpected extent by the adversary increases the threat, which in turn necessitates a response expensive in terms of money and perhaps also personnel. Clearly the blanket is too short all over, and no matter where one tugs at it, the gaps elsewhere become all the bigger as a result—a particular problem in view of the technological thrust which the ground forces and thus also the German army face.

What does all this have to do with armor planning? Was this planning not already "sealed" with the new combat vehicles of the 1990's with respect to their number and operational roles as described in detail in WEHRTECHNIK 2 and (85)? Even though this appeared to be the case at the time, the warning words were heard even then: "And thus the numerical and time data given below is not to be viewed as set in concrete—military personnel, budget experts and parliamentarians still have sufficient possibilities to change the current planning."

And that is exactly what happened: military and budget personnel were forced to reorient their thinking, the parliamentarians (for the moment) remained in the background. What had happened?

"Armament Mountain" in the 1990's?

First the finances: The wondrous increase in money, perhaps silently wished for by many, did not materialize, indeed the funds became scarcer at practically the exact moment that the new armored combat vehicles were being introduced, since systems which for the most part were to be previously procured (e.g., Antitank Helicopter 2, the self-propelled howitzer, and modern munitions) are experiencing delays in development and will thus be ready for procurement later than planned, so that—unless plans are revised—there would be a new armament mountain in the mid-1990's. Canceling, deferring, or prioritizing is thus the answer, with the last-named also being feasible—witness the procurement of a sixth lot of LEOPARD 2's.

The Threat Posed by Tanks

Re the next point, the threat: Now the ordinary citizen occasionally cannot tell whether the threat has really changed "suddenly," or if the threat is only being portrayed in gloomy colors so as to justify new procurements. However that may be, whether unpredictable or not, something has in fact changed in the threat posed by the tanks of the Warsaw Pact. They have undergone a slight increase in recent years numerically as well, to be sure, but it is above all their quality which has been improved significantly. In the Western Forward Area and the three western military districts of the USSR, there are approximately 27,000 battle tanks, of which—and that is especially alarming—about 50 percent are of the latest types, such as circa 5000 T-64A's and B's, 8500 T-72's. and 1000 turbine-powered T-80's: all with the 125mm smooth bore gun, from which the T-64B and the T-80 can also fire the laser-guided AT-8 KOBRA antitank missile.

These modern types are currently opposed in the West by only about 2,200 modern 120mm weapons systems: German and Dutch LEOPARD 2 and British CHALLENGER. This number will probably increase only slowly with the delivery of additional LEOPARD 2's, CHALLENGERS and M-1's with 120mm guns, and in the 1990's the French LECLERC. (On the other hand, the M-1 and the LEOPARD 1 with 105mm weapons should not be lost sight of either!) In the East, the modern types are delivered in quick succession: the T-72 is replaced by the T-72M with reinforced armor in the forward and turret regions, the T-64A by the B with increased firepower, and the T-62 by the T-80 with improved firepower and mobility.

While these figures can be easily arrived at from the known Soviet tank production rate and therefore do not constitute new information per se, what is somewhat of a surprise is the speed with which the Warsaw Pact is introducing its active armor. The extent to which the modern Soviet battle tanks really have this additional armor, which is effective against shaped charges, is still unknown, but it has been noted that the associated mountings were welded to a considerable number of battle tanks of types T-64B and T-80.

This armor, used for the first time by the Israelis in the war in Lebanon, represents a good supplementary protective measure for Soviet battle tanks, particularly if one considers that in an attack the Soviets would above all encounter a great number of Western panzerfausts and antitank guided missile systems equipped with shaped charges. In practical terms, circa 90 percent of the Western antitank weapons (including tank-mounted guns) should have shaped charge firing capability.

On the German side, that should be pointed out here right away, active armor (adapted or integrated) is naturally likewise being included in reflections on the protection of new or combat effectiveness-upgraded armored vehicles. A retrofitting of the LEOPARD 2 will probably not be necessary, since its integrated armor has been otpimized against both shaped charges and KE [kinetic energy] munitions.

What Is Active and Passive Armor?

Modern supplementary armor plating, as successfully employed for the first time by the Israelis in Lebanon (with the subsequently assigned designation BLAZER), is often referred to as active or also as reactive armor. The reason for this divergence in designation is a difference between the German and the English "armor terminology."

In English/American usage, there is first of all the passive armor plating, in other words, the same as in German usage the conventional armor plating without explosives, whether it be designed as a single thick armor plate, as spaced armor, or as "special armor," such as, for example, the English have under the designation "Chobham" in the CHALLENGER or as we have in the LEOPARD 2 with the combination of spaced armor and special armor.

Then there is the reactive armor plating, which provides its effectiveness directly at the tank (like the BLAZER, for example) by means of explosives. Plus the active armor, which is effective in front of the tank, because sensors report the approach of a projectile and countermeasures are taken, e.g., firing at the projectile, infrared flares for defense against heat-seeking missiles or terminally guided munitions, or electronic countermeasures for defense against radar-guided missiles.

In German usage, on the other hand, there is, aside from passive armor (without explosives), only active armor with explosives, such as BLAZER.

How now does active armor plating work (which incidentally goes back to a patent of Dr Held of MBB [Messerschmitt-Boelkow-Blohm] from the year 1970, which was not regarded as classified)? An explosive charge is located between two plates, which detonates upon impact by the shaped charge and accelerates the plates perpendicularly to the explosive plane. Since this supplementary armor is attached to the tank at an angle of circa 30° to 70° to the impacting shaped charge barb, this barb must cut an elongated hole of sorts into the steel plates which are oblique to the direction of its thrst, it is thus confronted by a continuing supply of new material, as a result of which the shaped charge effectiveness is largely expended and the thicker main armor of the tank can no longer be penetrated.

Needless to say, there are also countermeasures already: a tandem shaped charge, in which the first is "expended" and the second can penetrate the actual armor. And something "reassuring": this armor has little effectiveness against KE munitions.

New Army Structure for the 1990's

Both considerations—finances and threat—will, in conjunction with the reflections on a new army organization which are admittedly still strongly rooted in the present structure (Army Structure 4), most likely lead to a revision of the planning for armored combat forces. Even though the investigations have not yet been concluded, it will in part probably be quite different from what was still valid, more or less, a year ago. And so the originally planned line battalions having organizationally mixed armored and infantry components already in its basic structure will probably not materialize—meaning that we will probably continue to have "thoroughbred" battalions.

There have also been some changes meanwhile in the design and number of the new vehicles. At the beginning of last year, plans called for approximately the following:

In addition to the currently existing

- -- 1800 LEOPARD 2 with 120mm gun
- --2437 LEOPARD 1 with 105mm gun
- --2136 MARDER,

the following would have to be newly developed and procured to the maximum extent possible

- -1700 antitank combat vehicles with 120mm gun, from 1994 on
- --800 tank destroyer/antihelicopter combat vehicles, from approximately 1995 on
- --2500 armored infantry combat vehicles, from about 1996 on and about 2000 on
- -- 1300 armored combat vehicles 2000 (LEOPARD 3).

A substantial number, therefore, with the costs accordingly high: using a figure of circa DM5 million per vehicle just for the 5000 "non-battle tanks," the procurement costs would already amount to DM25 billion, or, spread over a procurement period of circa 10 to 12 years, between DM2 and 2.5 billion per year. A "TORNADO" program, as it were, as far as cost is concerned.

What is now apparently emerging is that all meaningful combat effectiveness upgrading measures are being considered for already introduced weapons systems, so as to keep the number of new vehicles as low as possible (which under the old concept would for themost part probably not have been done, for new procurement and combat effectiveness upgrading simultaneously would not have been affordable at all).

If one now adds up the total—using different organizational criteria—we are struck for one thing by the fact that the requirement for the total number of 120mm weapons systems was not reduced. While "before" it had been 1800 LEOPARD 2's, 1700 antitank combat vehicles, and 1300 armored combat vehicles 2000 (total of 4800), they might now consist of

- -- 1800 + X number of LEOPARD 2's
- -- 1700 X number of antitank combat vehicles
- -- 1300 armored combat vehicles 2000,

with the number X to vary: the more LEOPARD 2's, the fewer antitank combat vehicles. Now a sixth lot of 150 LEOPARD 2's has already been ordered, and an additional requirement for 100 more has been officially reported, since 250 vehicles represent the inventory of the only armored division (the 10th) still equipped with the LEOPARD 1. In addition—despite all denials by the Ministry of Defense—it can be assumed that still more LEOPARD 2's will be procured, for a half-generation replacement, as has been practiced in German armed forces for circa 20 years, would mean: 2437 LEOPARD 1's, on the one hand, and the LEOPARD 2 currently in existence and 650 M-48 to be replaced, on the other, for a total of 2450 LEOPARD 2's! This makes sense for reasons of threat alone, but it is also a concession to industry, which—with a reduced production rate of circa nine vehicles per month (compared to 25 per month to date)—would then during the approximately 7 years until 1995 at least have a good basic work load. In addition, it contributes to an untangling of finances.

In this way, the number of antitank combat vehicles is correspondingly reduced to circa 1150--probably realizable less through a new development than through the procurement of still more LEOPARD 2's (perhaps somewhat trimmed down) or through further combat effectiveness upgrading (conversion to 120mm) of the LEOPARD 1--but more on this in the section on antitank combat vehicles.

The number of tank destroyer/antihelicopter combat vehicles will initially be maintained, even though here too there is some gnawing going on, for is a weapons system costing that much—a per unit price of 6 to 8 million has been mentioned—really still cost—effective? Cannot perhaps alternatives be found, particularly for the antihelicopter role? Is not the PAH-2 perhaps even more appropriate?

With respect to the armored infantry combat vehicle, one likewise no longer speaks of 2500 new vehicles. The alternative "combat effectiveness upgrading of the existing MARDER" now has far better chances of realization—only about half of the armored infantry combat vehicles will probably be procured "new," and these as newly developed vehicles.

Underlying all this is the idea that, also on the battlefield of the future, the role of the battle tank will not be assumable very quickly by other weapons systems with respect to its capacity to fire while on the move, to form points of main effort, e.g., to block off enemy penetrations or to recapture lost terrain. Only the battle tank can move under enemy fire, only with it—not with the other weapon intended for the formation of

antitank points of main effort, the antitank helicopter--can enemy ground gains be compensated for.

The antitank combat vehicle, on the other hand, not necessarily as capable as a battle tank, is more the "skeleton" of the troops defending the area and thus forces the enemy to form points of main effort. Both vehicles must be supported thereby by armored infantry combat vehicles.

Concept Phase for Combat Vehicles 90 Now Underway

But what is to happen now with respect to the combat vehicles 90? On I July, finally, the starting shot longingly awaited by industry for a long time was fired for a 1-year planning phase for the three vehicles: antitank combat vehicles, tank destroyer/antihelicopter combat vehicle, and armored infantry combat vehicle. Funds for this are going to the three well-known tank system firms Krupp MaK, Thyssen-Henschel and Krauss-Maffei, as well to Daimler-Benz, a newcomer on the scene, so to speak (but which already developed the FUCHS and the LUCHS). Each firm is tasked to propose plans for all three vehicles.

The firms were given various conceptual variants for each vehicle, they could then select, in a so-called "check-off list" (or also referred to as "lottery ticket"), those that they wanted to work on. Since up to nine variants were possible per vehicle, the analysts at the Federal Office for Military Technology and Procurement will probably have circa 50 concept proposals from the firms at their disposal in a year (several variants are being worked on by several firms). This is practically an invitation for numbers games: Assuming that one proposal from a firm consists of 1,000 pages, this would make circa 50,000 pages in all, which would have to be gone through by a relatively small team at the Federal Office for Military Technology and Procurement in only 6 months time, for—at least this is what industry hopes—the concept selection is to take place at the end of 1987, so that the definition phase can begin in the first half of 1988.

The industrial proposals are to be assessed with respect to technology, tactics and logistics—the exact evaluation procedure is to be made available by the end of the year and made known to industry. An essential, but not decisive, criterion for selection will be the life-cycle costs. Here, however, the informativeness of the proposals from industry will probably not be overly high because of the inherently shallower elaboration depth during the conceptual phase. Here, too, one likes to make mention of "the" life-cycle cost-optimized weapons system: a bicycle with soldier and portable weapon.

And yet, the life-cycle costs should indeed be taken more into account with this combat vehicle family than in the past. Savings can surely be realized here if instead of a horizontal family (family parity among the vehicles to be newly developed), one thinks more in terms of a vertical family; in other words, with maximum utilization of proven high-wear parts (and training means, etc.) from the LEOPARD 1 and LEOPARD 2 family, or from motorized vehicles assigned to wheeled armored vehicles (as incidentally not only Daimler-Benz but also Thyssen-Henschel and Krauss-Maffei plan to

propose)—more of this in this issue in the article on the RUE III. Not everything, therefore, must be newly developed—Krauss-Maffei/Diehl is currently trying to prove that there are also other alternatives with their ACV PUMA, which is based to the greatest extent possible on standard components (e.g. the motor) and on LEOPARD 1 and LEOPARD 2 parts.

The four system firms are supported by the so-called partial system firms ESG, KUKA, Rheinmetall, and Wegmann, which will participate in the development of the turret and other elements.

Antitank Combat Vehicle

The antitank combat vehicle (for the conceptual phase of which the funds have now been made available) is intended, with its KE muntions-firing weapon, to be the fire and support component for the armored infantry (a role still being performed today by the MILAN on MARDER chassis). In keeping with the tactical requirement, 120mm is being considered for the caliber, but—to economize—105mm could also suffice, at least for part of the vehicles: in reflecting on this, thought must also be given to the existing 105mm KE munitions. To be examined above all during the concept phase is the suitability of a perhaps trimmed—down LEOPARD 2 and a combat effectiveness—upgraded LEOPARD 1 with a new turret or better protection on the existing turret: LEOPARD 1 and 2 are only being worked on by Krupp MaK and Krauss—Maffei.

--LEOPARD 2. Here certain investigations have already taken place with respect to a trimming down, but whether or not the cost savings (between 5 and 20 percent, hopefully) would result in far greater losses in combat effectiveness remains to be seen. Tactical engagement from the fire position will permit a simpler fire control, to be sure, but it will have to be closely studied whether a LEOPARD 2, as is, is perhaps not the best-suited vehicle after all with respect to the performance-to-cost ratio.

--LEOPARD 1. Here it is at least planned that the measures taken with the LEOPARD 1 slated for combat effectiveness upgrading--then to be designated LEOPARD 1A5--will be retained, particularly those for the thermal imager fire control system EMES 18 derived from the LEOPARD 2 (in this connection, see the report on the LEOPARD 1A5 in WEHRTECHNIK No 7, 86, p 66). Also, a 120mm weapon can be retrofitted in the 1300 LEOPARD 1A5 without additional machine work. In addition, the protection of the turret would have to be improved, however. From the standpoint of the numbers involved, this is a manageable task, and it was also ascertained that new mountings can be welded on--even by assigned troops--without emptying the turret.

If, however, a LEOPARD 1 or LEOPARD 2 should not turn out to be an acceptable solution as an antitank combat vehicle from the standpoint of performance and costs, then a new development would have to begin--probably a less desirable course in view of the developmental costs (circa DM300 million plus)--unless a horizontal combat vehicle 90 family would offer substantial advantages with the "antitank combat vehicle, new." However: a LEOPARD 2 or combat effectiveness-upgraded LEOPARD 1 as an antitank combat vehicle

can become reality more quickly, and something should in fact be done quickly to counter the threat described. Thus seen, therefore, the additional procurement of the sixth lot of LEOPARD 2 makes good sense militarily, and it should thus not be dismissed strictly as a stopgap aid for the German tank industry.

JAGUAR 3

With respect to its intended design, the tank destroyer/antihelicopter combat vehicle is really the only truly new vehicle, with a weapons platform—manned or unmanned—elevatable to a height of circa 13 m and to be equipped with the long-range 3rd generation antitank missile system PARS-3LR, which probably will not become available until after 1995.

As a result of the delay in the development of the PARS-3, this combat vehicle has become the subject of "discussion." For example, cannot the antihelicopter role be realized with weapons other than the costly PARS-3LR, with STINGER, for instance? Perhaps even with the additional PAH-2 procured in place of the tank destroyer/antihelicopter combat vehicle, which in addition would make possible the faster formation of points of main effort? And, for that matter, how does the antihelicopter role interface with the air defense control system at all? And for defense against tanks at a range of 5 km, could not a light wave-guided missile such as conceived by MBB (see WEHRTECHNIK No 6, 86, p 106) be more suitable and perhaps even less expensive? Or a HOT 3?

Questions, in other words, which go far beyond the discussion which in the meantime has almost degenerated into a question of ideology on "man at the top or below," "one-man or two-man operation" (the second man for the operation of the weapons system would in any case sit at the lower level of the vehicle), which already yields four feasible con-eptual variants. And if one adds "wheeled or tracked," we have already arrived at eight. Whereby "wheeled" does not necessarily mean a newly developed vehicle, for a normal 10-ton gl [cross country?] truck, but with armor-protected van, might also suffice. This, at any rate, is what Krauss-Maffei, MAN and MBB want to look into at their own expense with a demonstration platform.

Here, then, one can anxiously await which is the best path to the goal, indeed if there will be a tank destroyer/antihelicopter combat vehicle at all—as enticing as the operational possibilities of an elevatable platform may be. In any case, later on, following the concept phase and when one knows how the program is to continue, one should find a catchier name: GIRAFFE in the army zoo (LEOPARD, MARDER, GEPARD, FUCHS, LUCHS, JAGUAR, BIBER, SKORPION) would hardly be appropriate considering that animal's peace-loving nature. How about KOBRA (which also "fights" from a raised position), or simply JAUGAR 3, since the tank destroyer/antihelicopter combat vehicle is after all practically the logical extension of the tank destroyer family JAGUAR 1 and 2?

Armored Infantry Combat Vehicle

To continue with the discussion of nomenclature: With the armored infantry combat vehicle, the army has already progressed a little further than with the GIRAFFE/KOBRA/JAGUAR 3. The armored infantry combat vehicle which is to be newly developed is already being referred to as MARDER 2 to distinguish it from the current armored personnel carrier MARDER. In other words, the new vehicle is MARDER 2, the old is MARDER 1.

Let us begin with the MARDER 1: The combat effectiveness upgrading that was planned at one time for 1000 MARDER 1's through conversion of the caliber to 25mm is being "looked into" again—which does not mean, however, that all MARDERs will now be listed for all time as facing the changed threat with the light 20mm weapon. It is to be examined during the concept phase which weapons—naturally with new turret and reinforced armor—can be integrated, and this includes weapons of calibers from 25 to 60/75 mm, indeed even including the medium—range PARS—3. In addition, the turret race ring diameter is to be increased. In that way, other turrets could be mounted during the years ahead to better respond to the threat. Practically a sort of module concept, such as Blohm & Voss has realized in the construction of warships.

This combat effectiveness upgrading of the MARDER 1 could be accomplished in several increments: first the improvement of protection on approximately half the MARDER (yielding the version MARDER 1A3), then improvement of protection and new turret with a new weapon on the other half (yielding the MARDER 1A4), and finally reequipment of the 1A3 to the level of the 1A4, whereby it should be kept in mind that by the year 2000 the MARDER will be an approximately 30-year-old vehicle!

As a result of the criticism leveled at the army for the lack of an adequate troop transport capability, the requirement arose at that time for the development and procurement of 2400 new armored infantry combat vehicles MARDER 2--there is talk now of a markedly lower number, on the assumption, however, that all 2136 MARDER 1's will be retained as APC's. With 2400 newly constructed units, it would have been possible (and necessary) to use many MARDER 1's for other tasks (e.g. as replacements for the M-113).

With respect to armament, the same is true for the MARDER 2 as for the combat effectiveness upgrading of MARDER 1, here too the module concept could be applied. Which in addition makes it possible to equip some of the vehicles with rapid fire cannons (caliber 25 to 40mm), some with a larger-caliber single-fire weapon (mostly up to 60mm), and others with PARS-3MR. What is to be discontinued, however, is a weapons mix of cannons and missiles as found on the current MARDER. With respect to the caliber, the following should be noted: the smaller the caliber, the higher the rate of fire, the better suited for engaging lightly armored and unarmored targets. The larger the caliber, the smaller the munitions supply (or perhaps also the strength of dismounted personnel), the higher the effectiveness, however, against armored (ground and air) targets, with the additional possibility of one day using trajectory-corrected or terminally guided munitions.

LEOPARD 3

For the sake of simplicity, let us thus name the battle tank which according to current planning will not be introduced until about 2000, and which can then relieve the LEOPARD 1 from its role as a battle tank. Actually, this battle tank, according to a tactical requirement of 1972 (updated in 1980), was to become operational in the early 1990's! Then, however, it was relegated back to the preliminary phase in 1984.

Now what might a LEOPARD 3 look like? The army is very hopeful that the latest technologies will be applied here, e.g. a gun with fluid drive. The caliber could still be 120mm, but in NATO one is already thinking of larger calibers, e.g. 140mm, characteristic of a trend in the IEPG [not further identified] -- unsuccessful trik cooperation ventures in the past notwithstanding -- to work toward a joint production of the battle tank of the future. A more realistic approach here would be a mutuality with respect to key components, rather than the introduction of an identical battle tank. In this way, divergent timeframes for introduction could also be better implemented, as well as vertical (national) families. Another question that should be asked: What protection is a LEOPARD 3 to receive, and will the mobility now being achieved with a LEOPARD 2 be sufficient for it? Much investigating will still have to be done here-especially with respect to defense against terminally guided missiles and munitions. Can one rely here on protective configurations used to date (spaced armor and now active armor), or do not electronic diversionary measures perhaps take on much greater importance? Tactical concealment and deception in a new dimension!

Likewise: Can the operating costs be reduced by means of a turbine? Is an automatic loader—to eliminate the fourth man—really necessary?

And besides, what role will a battle tank still play at all on the battle-field of the years after 2000? To contemplate something quite unconventional, could not the roles of the battle tank and the self-propelled howitzer with terminally guided munitions be combined into one vehicle? Or is the battle robot coming? What direction will munitions development take? Is the universal projectile against tanks and airborne targets coming, a combination of KE and shaped charge munitions?

So whether or not a new battle tank is really developed depends very decisively on the technological progress made in several sectors. If less can be achieved here than is currently being assumed, then perhaps a development will again be possible after all which is based largely on the LEOPARD 2--a course that was still rejected in 1984.

Mortar Combat Vehicle

The combat vehicles 90 also include a mortar carrier—although years ago the plan here called for a new vehicle with a 120mm mortar, one has for several years already, for monetary reasons, been thinking only in terms of an improvement of the mortar currently introduced on the M-113 chassis.

However: Here, too, the Krauss-Maffei/Diehl development of the reloadable 120mm mortar under protective armor in the ACV PUMA shows that, with relatively little effort, something new can be created which promises greater firepower and above all substantially improved protection of the crew.

No Easy Task

Whatever the armored vehicles of the future look like, in what numbers they are to be produced and how they are integrated into the armored infantry and tank destroyer forces—these will surely be the subject of arguments by the "scholars" for years to come. In any event, however, the threat will not diminish—and to this threat the planning of the Bundeswehr must of course be oriented.

We can only hope that with these vehicles the understandable wish will be resisted to develop everything new, and that the savings thus realized are used to upgrade the combat effectiveness of existing equipment—provided it is not obsolete—or that, with vehicles which must definitely be newly developed, the highest effectiveness level is not immediately sought, but rather achieved over the ensuing years through combat effectiveness upgrading measures. This too would be a contribution toward lowering the life-cycle costs. Just as low life-cycle costs, generally, would be a way to procure more systems than would otherwise be financially possible, whereby the personnel requirement would again have to be considered, however.

Likewise: In the development of a new vehicle, must the military materials development process really be applied in its extended form, as in the past? Would it not be cheaper and less time-consuming to have these vehicles developed on the basis of company-financed demonstration vehicles?

Why not buy such a vehicle--for example, an elevatable platform on a conventional truck chassis--for a fraction of what a new development would cost? Improvements can always be added later.

Or give the firms certain resources for the development of experimental vehicles and create an incentive by offering to let the developer of the best vehicle take over series production.

So much for the projects of the future--far more precise data can be given on other armored vehicle plans of the Bundeswehr, which in part are in the realization stage and in part in various phases of development.

LEOPARD 2

After the CDU had voted solidly in favor of it, the FDP partly for and partly against, and the SPD solidly against it in the defense committee, and the majority of the budget committee had voted for approval, the procurement of a sixth lot of LEOPARD 2's with initially 150 new vehicles for the 10th Armored Division (still equipped with LEOPARD 1A4) had "cleared" the parliament--100 more LEOPARD 2's are to be added as soon as

possible, i.e., when financeable. No more talk about Turkey, no talk of the necessary basic work load of the tank industry: the threat alone made these LEOPARD 2's necessary. If Defense Minister Dr Woerner had his way, the threat alone would require that all LEOPARD 1's be replaced by LEOPARD 2's (in other words, a complete generation change), which understandably could not be managed financially. In any event, however, this procurement is a welcome measure for disentangling the procurement mountain of the 1990's. However: the political preparation for this procurement was not very skillfully handled, and even members of parliament who were well-disposed toward the plan felt themselves "steamrollered."

The total cost of the 150 vehicles amounts to DM842 million, which would amount to a system unit price of DM5.6 million. The funding is to take place between 1986 and 1989, with additional payment in 1986 of DM230 million which has become available as a result of savings in fuel (DM210 million through cheaper fuel procurement and DM20 million saved through a later start of the JF-90 [Jagdflieger 90] definition phase). The delivery of the 150 vehicles is scheduled for 1988 (108) and 1989, with monthly production rates decreased to only nine vehicles (from 25 previously).

Armored Combat Engineer Vehicle 2 [Pionierpanzer 2]

The armored combat engineer vehicle 2 is approaching the end of its development phase; the developer Krupp MaK has built three prototypes. The bidding for series production was likewise won by Krupp MaK. Slated for conversion to the armored combat engineer vehicle 2 are the 36 armored combat engineer vehicles 1 thus far in use in the army and 104 tank recovery vehicles 2—both on LEOPARD 1 chassis. One feature of the vehicle is the telescoping arm excavator taken over from the former experimental test rig GPM [Gepenzerte Pioniermaschine (armored engineer machine)] in the EWK [not further identified] version, but only one, while the GPM still had two. Delivery of the vehicles is to take place between 1988 and 1990. Canada is also interested in the armored combat engineer vehicle 2.

Tank Recovery Vehicle 3 [Bergepanzer 3]

Approaching the end of the definition phase is the development of the tank recovery vehicle 3 on a LEOPARD 2 chassis by Krupp MaK. The Netherlands has a 15 percent share in this project. A test rig was built and is soon to be sent to Trier for testing. A special feature is the lifting capacity and the radial range [swing] of the crane, which permits the turret of the LEOPARD 2 to be lifted out of the hull—something which was not quite possible with the tank recovery vehicle 2 on a LEOPARD 1 chassis. The general contractor for the development is to be selected in early 1987. The series of circa 220 vehicles for the Bundeswehr are to be delivered from the end of 1990 on, and in addition there would be vehicles for the army of the Netherlands.

Tank Recovery Vehicle M-48 [Bergepanzer M-48]

Since the Bundeswehr is experiencing a certain shortage with respect to tank recovery vehicles, it is looking for quickly and simply realisable expedients and is also preparing a tactical requirement for a medium tank recovery vehicle. Here—based on preliminary work done by Jung Jungenthal—thought is being given to converting up to 100 currently mothballed M—48 battle tanks (still equipped with 90mm guns) into tank recovery vehicles. For this purpose, among others, the tank recovery equipment could be utilized which will become available during the conversion of the 104 tank recovery vehicles 2 to armored combat engineer vehicles 2. An M—48 converted by Jung Jungenthal with company—owned resources and having LEOPARD 1 tank recovery equipment is currently being tested in Trier. Still to be examined is the question whether these tank recovery vehicles are also to receive a diesel engine in place of the old gasoline engine. (The M—48 battle tanks with 105mm gun still have gasoline engines.)

Mine Launcher System SKORPION

Being delivered to the Bundeswehr since June 1986 by the general contractor Dynamit Nobel are 300 mine launcher systems SKORPION, at a rate of 10 vehicles per month. Final assembly is accomplished by Krauss-Maffei. The carrier vehicles of the M-113 family (M-548) are furnished by the Bundeswehr. Each vehicle can lay 600 AT-2 mines in a circa 50 m wide mine strip. WEHRTECHNIK will report on the SKORPION in detail in the next issue.

Mine-Clearing Tank LSM

The mine-clearing tank LSM is being developed by Krupp MaK. Two development models on M-48 chassis are being tested. The LSM clears a circa 4 m wide strip free of mines by means of a striker in front of the tank, which throws earth and mines to the side. A very ambitious design, which hopefully can be produced in the planned form.

MLRS and Self-Propelled Howitzer 70

These two artillery projects will be reported on in greater detail in the next issue of WEHRTECHNIK. Only this much for now: Wegmann is the integrator for the 200 German MLRS [not further identified] Launchers. Thyssen-Henschel is carrying out final assembly of all 342 launcher vehicles.

As regards the self-propelled howitzer 70, the continuation of the program is uncertain. Proposals for the completion of development and/or alternatives have been submitted by the consortiums:

- -- Krupp MaK, Rheinmetall, Wegmann, OTO Melara, Royal Ordnance Nottingham
- --Krauss-Maffei, KUKA, Porsche
- -- Thyssen-Henschel and VSEL.

WIESEL

The smallest of all armored vehicles is the Porsche-developed WIESEL, of which six prototypes were built and tested already in the 1970's. However, the program was stopped in 1978 for lack of funds, but then a few years ago was reborn with the issuance of a new tactical requirement in the year 1983. Porsche then received a development contract worth DM17 million. Two old prototypes were modified, two others built, which are now to undergo testing as airborne weapons carriers TOW [not further identified] and 20mm board cannon (in a KUKA one-man turret). Changed above all was the drive system through the selection of a VW 5-cylinder diesel engine with 74 kW and a fully automatic three-speed transmission 3HP 22 from ZF and a succeeding auxiliary transmission from Porsche. The hull for a two to three-man crew is now closed on top, the endless track was reworked. The bidding for series production should be held in mid-1987--here particularly Krupp MaK is in the running, which has acquired the worldwide selling rights from Porsche. To be procured by the Bundeswehr between 1988 and 1992 are just under 350 vehicles, most of them with TOW.

12689/9604 CSO: 3620/813 RECENT RESERVIST UNIT ACTIVATION, TRAINING ISSUES REVIEWED

Naval Reserve Commissions Reinstituted

Bonn BUNDESWEHR AKTUELL in German 25 Aug 86 p 3

[Unattributed article: "Navy Reinstitutes Reserve Officers Career"]

[Text] Bonn--Starting immediately the reserve officers career is once again open to all sailors. Conscripts performing basic military service who entered the navy starting in July 1986 and are willing to commit themselves for two years may apply. For this purpose the applicants must meet matriculation standards or must have an intermediate high school certificate and completed vocational training.

Former sailors with the same educational qualifications may also apply for the reserve officers career if they are no more than 30 years old and have achieved at least the rating of reserve petty officer second class. For the latter group this additional training lasts 7-1/2 months and comprises a reserve officers course and technical training corresponding to the planned assignment. The reservists may also complete the 7-1/2 months and comprises a reserve officers course and technical training corresponding to the planned assignment. The reservists may also complete the 7-1/2 month period in several reserve training periods of at least four weeks.

The chief of naval operations expects from this measure that future reserve officers will contribute to understanding of naval aspects of the security policy in their civilian environment.

This year the naval service will pick about 60 applicants.

'Weekend Warrior' Concept Proposed

Munich SUEDDEUTSCHE ZEITUNG in German 21 Mar 86 p 6

[Article by SUEDDEUTSCHE ZEITUNG editorial staff: "Defense Ministry Considers Part-time Soldiers; Reservists Are Also to Be Called up for Short Weekend Exercises"]

[Text] Bonn, 20 March-At present the Bundeswehr examines the possibility to establish the institution of a "part-time soldier." In addition, in the future it is to be possible to call up reservists for short reserve duty training over the weekend. Since in the nineties about 400,000 reservists a year are to receive additional reserve duty training instead of the present 200,000, the required instructors would have to be taken from other functions. Thus from a combat-ready army, the Bundeswehr will develop more into a training army, the deputy for reservist questions of the defense ministry, Army Deputy Chief of Staff Heinz Kasch declared in Bonn on Thursday.

The extension of military service starting in 1989 is to be used to prepare the soldiers better for their later employment as reservists. There is a shortage of security soldiers with infantry training. Therefore in the future most soldiers are to receive dual qualifications, first as operators of a weapons system and then as security soldiers.

The "part-time soldiers"--reserve officers and NCOs--according to initial thinking are to commit themselves voluntarily to be available for a specific number of hours per year on weekends. They could then be used in "equipment units" whose material is stored but which at present are assigned operators only in a crisis. The part-time soldiers could prepare mobilization exercises and could take care of certain administrative matters with the aim of improving the mobilization capacity.

A troop test will take place this year for short weekend exercises. Over two weekends a year officers and NCOs are to join two motorized infantry battalions from Friday night to Sunday noon. In the future it is to be made possible for all soldiers to be called up for brief training--also on weekends--of from one to three days. Thus far four days has been the minimum for military training. As an example, Kasch mentioned that it is not absolutely necessary to call up a security soldier for two weeks. Two weekends could suffice to keep a soldier in practice for the protection of facilities and installations. Such short military training undoubtedly constitutes a lesser occupational burden for the individual than a two-week training period. It would also be simpler for the economy. Kasch noted that the number of those who escaped being called up for military training had increased because their employers had declared them "indispensable."

It has not yet been settled in detail how the training of the draftees is to be arranged in the future. According to Kasch, the final concept is supposed to be available by the end of next year. By then the work on the future bundeswehr "fine structures" must also be completed.

Combat Support Command Activated

Bonn HEER in German Jun 86 pp 2-4

[Article by Peter E. Uhde: "A Cable in the Canal"]

[Text] Waidmannsheil I/86 was the name of the field training exercise of the combat support forces command 41 for which motorized infantry battalion 710 and the fourth engineer battalion 650 were mobilized. The Kiel canal ran through the middle of the operating area.

The battalion command post is in an empty cowshed. All around guards have been posted who alternately fortify their bunkers. This unaccustomed work does not come easy to PFC Gerd Borck and his comrades of the reconnaissance party. Staff sergeant Volker Rose tries to organize guard duty, relief, construction of field fortifications and the accommodation of motorcycle messengers.

Since the morning the battalion has been deployed in the area south and north of the Kiel Canal around the Breiholz ferry site about 15 km southwest of Rendsburg. He had the mission to guarantee surveillance and security and to establish defense readiness immediately.

All battalion members aside from a few exceptions are reservists and come from military districts I to III. Most of the officers and NCOs belonged to the advance party, i.e. they are removed from their civilian occupation for 12 days, and the rank and file, the so-called main party, are removed for 8 days from their civilian occupation to practice—again in uniform—their mobilization employment. The changeover does not come easy. For many it is the first military training in years and everything is strange and for the most part forgotten. For others, military service is just 15 months in the past.

In the pale neon light of the command post, situation maps and charts are discernible, broken down by how much material and personnel are available, with what company. Heiner Schloen, school director of an elementary and secondary school, has been taking military training since 1963. In the meantime, the lieutenant colonel has participated in 22 of them. PFC Reinhard Kranel was "caught" for the fifth time, as he puts it. As motorcycle messenger assigned to the second company, he now delivers a message to the battalion.

The command post provides a view of the Kiel Canal, 99 km, the most heavily traveled waterway in the world.

Next to the Breitholz civilian ferry site, NCO Reiner Brechters brings soldiers and vehicles across with his military SE (road/railroad) ferry. Floating bridge battalion 660 employs two of them. As a safeguard field guns with three-man crews are subordinated to the motorized infantry

platoon leader on the southern bank. The company command post is located on the north bank; connection there consists of wire communication. The cable lies weighted down at the bottom of the canal.

While the companies get ready for defense and night disposition, the commander, Rear Admiral Dieter Ehrhardt, is expected to arrive at the control station. After the welcome by Colonel Stemmer, he is briefed on the situation: enemy, own unit and its present condition, everything is being explained. This is followed by an assessment of the march into the assembly area, of the dispersion and of the course of action there, of the issuing of orders and of the involvement of the reservists. During a helicopter flight over the operating area, the commander obtains a view from above.

Back on the ground he seeks conversations with the reserve duty trainees. PFC Wilhelm Kloss from Wolfenbuettel is one of the many traveling a long distance to the mobilization exercise. Of course he would prefer being used closer to home, just as the others, e.g., those who came from the Ruhr area. All involved know that this meets with great difficulties and probably can hardly be solved. Only whoever is affected must accept additional inconveniences. Around 1900 hours Battalion Commander Frank Ilsemann issues an order. The latest enemy situation is explained, and the operational readiness of the companies is clarified, organizational questions are discussed. In the middle of all this the shout: "Alert-paratroopers jumped near the canal." After a short time it was found out that they were civilian parachutists who landed on Schachtholm airfield.

The third company has its positions in the south at the elevation of the Lunau. Engineers blocked the terrain between the wooded areas by mine fields. The road bridge across the river will play a role later on. For the night security measures towards the south in the Barlohe state forest and to the north along B 77 are provided. First Lieutenant Michael Kamkalow commands the company for the first time because the unit leader according to the mobilization plan was indispensable. In response to the question what the mood is, he states short and to the point: "The unit stands by its leaders." This impression could definitely be gained. Of course there were complaints about different things and some activities were not performed with enthusiasm. Who likes to build a bunker for 24 hours to then fill it up again? Who is happy when the rations don't come when the stomach rumbles? Who isn't angry if the enemy reconnaissance patrol succeeded in sneaking behind one's own lines despite all precautions? At night it rains, the temperature has dropped a great deal. Sleeping bag and poncho are to retain the body heat. The first reports of enemy sightings arrive at the bunker shortly after midnight. The command employed raiding parties of motorized infantry battalion 512 with the second to the fourth companies. However, the situation could be stabilized in all companies by employing the reserves.

The first aid station is identified with the Red Cross flag. Where the Breiholz volunteer fire department meets otherwise, that is where PFC Ulrich Huelsmann, Staff Sergeant Hans-Detlef Kurth, and Major Immo Niebel, MC, have set up their first aid station. Huelsmann, medical orderly in a surgical department, sees the difference with respect to his civilian work in the increased first care of the injured. Practice casualties are taken to the medical soldiers to give them also something to do. A "blue light case" has not yet happened.

While the first aid station is clearly recognizable, the repair platoon moved into a farm well concealed. Dieter Retzlaff is a repair party leader and otherwise a motor sergeant in motorized infantry training center 41/1, Eggebek. Crane truck and 5-tone truck stand covered in an empty silage. During the night there was some activity, the crane was used more frequently to pick up vehicles from the ditches.

An NBC alert again aroused Sergeant First Class Dieter Olf who did not get any rest at night. This man with an engineering degree in machine building participates in his seventh reserve training as repair platoon leader. Therefore he knows most soldiers of his platoon from some exercises. Some of the vehicles had to be carefully inspected once again before the start of the training. The day before Olf had taken over the battalion flag as flag bearer. According to a decision of the Federal Ministry of Defense, it is also bestowed on equipment units. This ceremony took place prior to the start of the exercise.

At the moment it is quiet on Klaus Hohnsbehn's farm. Many farmers and citizens like he have made their farms, houses and other facilities available for the exercise. The command tries hard to have a good relationship with the population. Otto Struwe, mayor of the 1,200 inhabitant municipality of Breiholz between Kiel Canal and Eider, has been invited to get an idea of what the soldiers are doing. He does not reject the chance of a helicopter flight over his municipality. Hereby he has a chance to catch a glimpse of the passenger ship "Arkona" better known under the former name "Astor" in the TV series "Das Traumschiff" (The Dream Ship).

In the afternoon, Lt. Col. Holger Thomas issues the order to attack from the command post of his battalion which simulates the enemy. The B-77 is the line of departure. The terrain is not especially suitable for tanks. Thus the two motorized infantry companies are deployed forward, the tank destroyer platoon follows.

Staff Sergeant Karl-Heinz Herzog has an outpost with a heavy panzerfaust south of the Lunau. Firing of a smoke-signal cartridge and the reverse movement of the outpost following it opens the battle for the Lunau crossing. The Reds attack along the village street. They advanced to house number 22. The street traffic continues to operate over the bridge. Umpires with their white armbands try to render correct decisions, which,

of course, none of the losers recognize. NCO Joerg Heisler and Private Frank Stein are the first ones to succeed in taking the north bank through the Lunau. In recognition of their wet feet the umpire lets them drop out. The decision at the Lunau has been made. Almost all platoons had had enemy contact. At 1750 hours the words "end of exercise" are sounded.

The following day there is Technical Service on Weapons and Equipment in the Eggebek-Sued barracks of the Motorized Infantry Training Center 41/1. For the next two years everything will be "mothballed" and therefore must be completely in order again. This day will not be a very good remembrance for chemical technician Joerg Kluewer. Starting today he is unemployed. When he returns from mobilization training, going to the labor office and the search for a new job begins. But he is not the only one facing this fate. Numerous others have the same problem, a problem that causes worries also to the military leadership.

In the Technical Area, the field gun platoon is in the process of cleaning, greasing and oiling the weapons. About 75 rounds were fired from each gun. Sergeant Bernd Christiansen was able to use his technical knowledge to make one operationally ready gun from two defective ones.

Starting and end point of the mobilization training is the mobilization base Idstedt, north of Schleswig. Capt. Hartmut Joachim accompanies the visitor there. The company staff sergeant for the equipment unit of motorized infantry battalion 710 is Staff Sergeant Major Heinrich Bohnhoff. In the Technical Area cars are washed. Hans-Juergen Dingler had to jump in as motor sergeant at short notice. The sergeant was responsible for 34 wheeled vehicles for the last few days. At several stations the exercise tracks are being removed. Bohnhoff has a total of seven civilian staff members for administration and preventive maintenance of the battalion equipment.

The various stages for demobilization are ready in a large Nissen hut. If everything runs smoothly, then every company is processed here within an hour. At the end of the hall a green door is conspicuous: when the reservist closes it he is taken to the railroad station or he can leave the mobilization base with his car.

A mobilization exercise has come to an end once more for combat support forces command 41. Assessment of one exercise and preparations for the next merge: Waidmannsheil II/86 looms ahead.

Combat Support Forces Command 41

There is only one unit in the army that bears this name. With headquarters at Schleswig, the command is the highest troop command staff in the Schleswig-Holstein territorial command. In case of a defense emergency, it becomes a division of about 17,000 soldiers through reservists. With Home Defense Brigade 61 and the home defense regiments 71 and 81, which are

equipment units, it is then deployed for area and object protection to maintain in the rear area the freedom of maneuver for the NATO units.

The special area conditions in Schleswig-Holstein require protection of coasts against amphibious landings as well as of areas and objects of greatest military importance against airborne invasions but also by making reserves available.

In peacetime engineer regiment 60 is subordinated to it, of which engineer battalion 620, the floating bridge battalion 600, and the pipeline engineer company 600 are active units. In addition there are the NBC defense battalion 610 and the NBC defense company 6, units that are operationally ready even in peacetime. Topography battery 600 and the headquarters and supply company complement the active units.

The command has 5 training centers, 4 of them for motorized infantry and one for engineers, for the training of the reservists. About 5,000 reservists participate annually in mobilization exercises. They take place within the framework of platoons, companies or battalions. In addition, there are individual reservist training exercises; last year there were about 1,000 members of the reserve of all service ranks who refreshed their military knowledge. Furthermore, in service events which take place mostly over weekends, the operations and command personnel is prepared for the mobilization exercises.

The battalion mobilization exercises stress three factors: for one thing, mobilization itself, then training in the units and as culmination, a battalion combat exercise on open terrain. The material issue of the equipment units does not meet the modern standard of the field army. That is also not necessary since the units are not deployed at the very front in case of a defense emergency. For mobility, the material mobilization supplement of motor vehicles is ready.

The combat support forces command 41 is subordinated to the Schleswig-Holstein territorial command in Kiel and has been under the command of Col. Willy Stemmer since October 1985.

Services, Employers in Competition

Munich SUEDDEUTSCHE ZEITUNG in German 28 Jul 86 p 15

[Article by Kurt Kister: "Reservists Are in Great Demand"

[Text] Regensburg--"Appear as frequently as possible in uniform even as a reservist," Federal Defense Minister Manfred Woerner asked the participants of the Tenth Bavarian Reservists Day; "we do not want to hide the Bundeswehr but show what these people do for our people." Thus the minister expressed the sentiments of his listeners in the Kopingsaal in Regensburg exactly--for nearly all of them were involved ex-soldiers who

are organized in the Association of the Bundeswehr Reservists. The Land Group Bavaria of the reservists association had invited its members to come to Regensburg to listen to Woerner's speech to the reserve setting out basic principles. On the other hand, they had also come to discuss with representatives of industry the competition between army and industry for competent young men for the next decade.

Kind Remarks From the Minister

Right at the start of his speech Woerner won over the audience to his side since he paid tribute to the listeners ("Dear reservist comrades") as well as to the location ("the awareness concerning a democracy fit to fight is especially pronounced here"). In his speech, which went far back, the minister not only pursued international psychology ("The Russian people is as peace-loving as the German") but he also provided detailed information on the priorities of German foreign policy ("The alliance is the most important thing in existence").

In the part of his address dealing with the role of the Bundesehr reservists, Woerner reminded the audience that the Bundeswehr has a defense level of 1.34 million soldiers. Only a little more than one third consists of active forces, the balance are reservists. "The citizen liable to military service, the reservist, this is the principal support of our defense in the armed forces," Woerner said. In view of the numerically constantly declining age classes, the importance of the reservists to the Bundeswehr will even grow in the future. The intention is to increase the number of reserve training slots to 15,000, so that in the nineties up to 400,000 reservists would be called up for training every year.

Because this development will cause considerable problems not only to the Bundeswehr in its structure but also to the employers of the reserve duty trainees, the reservists association in the second part of its event in Regensburg organized a panel discussion. Under the slogan "The reservist of the nineties—courted by Bundeswehr and free economy," politicians, representatives of industry, and soldiers (active and reservists) exchanged their prognoses on this subject. Professor Armin Steinkamm of the reservists association in this connection reported on the results of a poll among personnel chiefs. According to the poll, 74 percent of the enterprises expect difficulties on account of the growing number of reserve training exercises, however, over half of them had not heard of the planned change. According to SPD Deputy Fritz Gerstl, very small enterprises especially are affected which cannot find any replacement for the loss of a staff member participating in reserve training for a week at a time.

"Utilize the Mass of Reservists Better"

As did Gerstl, his Bundestag colleague Fritz Wittmann (CSU) also requested that such problems be given more consideration in the callup process for

reserve duty training. FDP representative Martin Holzfuss advocated better utilization of the already existing "reservists mass," i.e. to call up also men for reserve duty training who thus far did not have to participate in reserve duty training. Willi Lersch, president of the Regensburg Chamber of Industry and Commerce, made a quite original proposal to correct the problem in the future: According to Lersch, the Bundeswehr should simply shorten the reserve duty training and hold it on weekends, so that the reserve duty trainee can work on weekdays. . . .

Employer, Army Advisory Council

Munich SUEDDEUTSCHE ZEITUNG in German 28 Jul 86 p 2

[Article by kk., Regensburg: "Woerner Announces Advisory Councils for Reservists Questions"]

[Text] By the end of 1986 the defense ministry is to complete a plan on which structures in the Bundeswehr must be changed to meet the growing number of reserve duty exercises in the nineties. According to a statement by Lt. Gen. Heinz Kasch at the Bavarian reservists meeting in Regensburg, what is involved is a kind of "overall concept" for a changed army structure. Kasch, responsible for reservists questions in the Bonn defense ministry, said an army that is based on reservists as much as the Bundeswehr will be in the future must place its emphasis on training even more so than now. At the same event, Defense Minister Woerner announced the intention of creating advisory councils of Bundeswehr, employers, and employees on account of the growing number of reserve duty training exercises. These bodics should help reduce problems in the enterprises affected by the reserve duty training.

Reservists Train Own Snipers

Bonn LOYAL in German Dec 85 p 21

[Article by Harald Zulauf: "Snipers; Reservists Train Reservists"]

[Text] The Bundeswehr has now completed a model test which is supposed to be exemplary for the Federal Republic as a whole: The training of reservists to snipers in a military subregion command (VKK) in the form of weekend training and according to the concept "reservists train reservists." The increase in the sniper component in the territorial army, which was instituted with Army Structure 4,—every home defense company now has 32 snipers—will induce additional VKKs to increase training of snipers in the coming years in accordance with the Cologne model test.

Course director Lt. Col. Lothar Mueller summarized "mixed experiences."
The initiator of the model test indicates that by no means only the positive results should be reported. "There were many reverses but also times in which it could be noted that progress was being made. Many

reservists were involved in the matter but there were also some who were not very particular about discipline, who were completely unsuitable for serious training," that was one result.

Of the 72 participants only half, 37, fulfilled the required firing results, passed the final examination and were accorded the desired sniper ATN (proof of military occupational specialty). In practical training, e.g. with aiming telescope rifle (G3) or infrared gun sight, but above all in the firing exercises the reservists had strikingly better performances than in the theory, e.g. in the calculation of the target lead angle measurements. The course participants had to complete 13 weekend exercises in the form of Service Events as well as a 5-day short reserve duty training in a training area—distributed over a year—. Endurance and continuing motivation, for example to get up Saturday morning at 0500 hours, were therefore required. Of course this also applied to the active VKK personnel. "Together with our mobilization trainees, the staff sergeants for reservists work and we course directors have performed service for this model test on about 30 weekends of this year," Maj Hermann von Felben, deputy course director, explained.

The instructors of the reservists were reserve soldiers. In two preceding sniper courses, VKK 311 made possible for the most successful participants from sergeant up training as gunnery instructor at the army combat forces school I in Hammelburg, and additional suitable reservists were trained as NCOs, so that the VKK could fall back on 20 instructors in the reserve.

Of course, there were problems here, too. "Certainly not all instructors who had taken advantage themselves of the military advancement by the Bundeswehr were then ready later on to impart their knowledge to the comrades. Some did not come any longer, others were frequently absent unexcused or came unprepared, which had a very negative effect especially in theoretical instruction in the class room," Lt. Col. Lothar mueller did not mince his words.

The concept of "reservists train reservists . . . cannot be achieved as fully responsible training by the reservists themselves but only if during the imparting of the theory active soldiers participate as instructors and in practical marksmanship training-especially also for reasons of discipline-an active soldier retains overall control," according to the conclusion of the commander of the Cologne VKK 311, Lt. Col. Ulrich Freytag. The newly appointed snipers are earmarked for mobilization assignments in their function in the area of the military subregion command and employed accordingly in reserve training. Some rank and file reservists with special suitability after passing the course are offered the opportunity to be further trained in 4-week individual reserve duty training in a training center as motorized infantry or security NCO. Of course there are problems here as regards age limit, for it is especially the older reservists who participate in the sniper courses, such as the 41-year old private of the reserve Heinz-Peter Ambrosi of Leverkusen. He

says: "I am ready to get involved in reservists work to make my quite personal contribution to peace and freedom. But many of my age would be motivated if they had the opportunity to become an NCO. We are fit for such training." The extent to which some bureaucrats in uniform share this opinion is questionable. hardly any man over 40 is assigned to an NCO course. A frustrated 21-year-old private in the reserve called up against his wishes for reserve duty training is—that is the impression of many observers of the scene—preferred by some in the Bundeswehr over a 41-year-old who, though highly motivated—has passed the "old-timer limit."

The introduction of an activity insignia suggested by Cologne VKK 311 was rejected in the meantime by higher military authorities—for financial reasons. "That indicates little understanding for the recognition of the performance by the reservists," according to Hans-Dieter Kessler, staff sergeant in the reserve and one of the course instructors.

As a member of the district executive in the Cologne Association of the Reservists he seeks close cooperation between Bundeswehr and the reservists. "We depend on one another. The association needs the support of the active forces for its work and the Bundeswehr cannot do very well without trained reservists," he emphasizes. VKK Commander Lt. Col. Ulrich Freytag confirms: "Without the help of the reservists association such a course can hardly be held. Only with good cooperation as it exists with us between reservists and the VKK is it possible for such an undertaking to succeed." In Cologne, 100 percent of the instructors and over 90 percent of the participants of the sniper course were members of the Reservists Association.

Reservist Infantry Instructor Training

Bonn BUNDESWEHR AKTUELL in Cerman 12 May 86 p 1

["Unattributed article: "'We Are Coming Again'; Reservists Training in Hammelburg--A Weekend in the Field"]

[Text] Two dozen reservists from private to lieutenant colonel from 24 to 51 years of age had followed an invitation of the infantry school in Hammelburg. The service from Friday evening to Sunday noon was the continuation of the model courses for reservists started in early February. Purpose of the undertaking: as large a number of reservists as possible is to acquire the qualification to impart basic infantry knowledge to reserve comrades. While then it was combat in builtup areas and house-to-house fighting, this time infantry combat from weapons training to combat firing during day and at night up to orientation training were on the agenda.

The weekend courses are essential building blocks in the new reservists concept, the school commander, Brig. Gen. Eberhard Fuhr, emphasized. After further weekend training in May and a one-week course in June the participants can be awarded the qualification as platoon or squad leader of

a security platoon. Perhaps, the general felt, a special insignia to be newly created, "Security Force", could make the achievements of the reserve soldiers also externally evident.

"What we have here in Hammelburg is not offered anyplace else, "noted Eberhard Koschny, PFC in the reserve and NCO candidate, customs senior secretary with the Federal Treasury in Bonn. And the second man in the bunker, Staff Sergeant in the reserve Addi Holzenleuchter, toolmaker in an industrial enterprise in Neuss, added: "The Bundeswehr should have offered such courses to the reservists for a long time." Sergeant First Class in the reserve Wolfgang Kuempel, entrepreneur from Limburg and instructor in his reservist group admitted that he had never experienced as realistic combat firing during his 12 years of service as he did on that Saturday morning.

Josef Koenig, first Lieutenant in the reserve, a skilled locksmith, addresses a political dimension of the undertaking while he prepared the machine gun on the mounting for firing. "We reservists in case of a defense emergency constitute the biggest share of manpower in the army. The level of our training, but especially our combat motivation, cannot be calculated at all by an enemy. Not least on that account do the reservists signify an important German contribution to the Western alliance."

The school commander was able to be satisfied at the end of the training. The motivation of these men is excellent, he felt. "We are going to come again," the reservists promised unanimously even though they were nearly swept away in the thundershower during the night firing.

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CSO: 3620/817

MILITARY

BRIEFS

BORDER GUARD GETS VESSEL--Turku-The second light-weight coast guard vessel, Kajava, was turned over the Border Guard in Turku from the Valmet Shipbuilding Company's shipyard. The last of this three-vessel series will be completed next year. Kajava is intended for underwater as well as surface surveillance in Finland's territorial waters and it is for this purpose that the vessel has been equipped with a wide range of electronic surveillance equipment. The aluminum structured vessel is 27 meters long and 5.5 meters wide and can reach a speed of more than 25 knots. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 30 Aug 86 p 34] 10576

CSO: 3617/165

DEATH OF FORESTS EXPECTED TO CAUSE ENORMOUS ECONOMIC LOSSES

Vienna PROFIL in German 11 Aug 86 pp 20-21

[Article by Walter Schwarz: "Extinction--Amen!"

[Text] Clemens Waldstein, forest owner, functionary in the Agricultural Chamber, and head of the advisory body "Research Initiative on the Death of Forests," launches into an apocalyptic prediction: "Austria will have sunk to the economic level of a developing country once it will have lost its sole natural source of wealth, its forests."

Right at the start of this year's Klagenfurt Timber Fair, this user of the future perfect tense to describe the gloomy prospects for our forests comes out with shocking figures:

- In Austria, at least 3,000 trees are dying daily-they are perishing because of the toxins present in the air, 80 percent of which are made in Austria itself.
- Since last year, the viability of forest-tree seeds has deteriorated from a previous 90 percent to 10 to 30 percent, depending on the type of tree.
- This year, for the first time all types of deciduous trees in the mixed mountainous forests, as well as the deciduous forests of the plains and hilly country down to the bottomland forests and wildlife-refuge zones, have shown severe symptoms of poisoning, while in the coniferous forests widespread extinction is commencing.
- For the coming year, a distinct increase in tree damage in the young forests can be expected.
- According to the g v belief of forest enthusiast Waldstein, 30 percent of the deciduous tree. already damaged. In his opinion, the old standard formula that deciduous trees are seven times as hardy as conifers must be felled: Once a deciduous tree gets sick, it is done for within a period of 2 to 3 years.
- For the first time, our domestic fruit trees are also being threatened with murder by poisoning. Although their fruit is still hanging on them, their leaves are already gone: "They were shed back in June, and there has

been splitting of the sort that usually occurs in autumn" (Waldstein). This can be seen especially clearly among cherry trees, but also among apple trees.

- Next year, it will be scarcely possible to still see any living walnut trees.

Whereas federal, provincial, and municipal policy makers in the smogshrouded greater area of Linz are playing funny little games and fooling around with areas of jurisdiction, whereas the introduction of the catalytic device is proving to be a gigantic flop, and whereas science minister Heinz Fischer recently went so far as to claim that the death of our domestic forests has been slowed down, foresters on-site can tell of startling things.

In the southern forested sector of the Ostrong area, the situation today is already the same as it was 3 years ago in Bavaria's dying Fichtelgebirge region or 5 to 6 years ago in the Czechoslovak forests. Only it is not as well recognized, because with us the mowing down of the trees has taken place relatively rapidly. In the vast Hapsburg-Lorraine forest enterprises, some 12,800 hectares in size, foresters can come up with scads of examples: Beech trees whose crowns showed damage 3 years ago are stonedead today. Round about, an elevated fluorine and sulfur content is found. The number of clear-cutting operations is increasing rapidly, and in the coming year another 400 hectares will have to be cleared. The lament is heard that in 20 years there might be no more wood left for forestry operations.

"If thoroughgoing successes are not achieved at all levels, in 1988 the condition of the forests will worsen to such a degree that thereupon the emergency brake of drastic fuel rationing will have to be applied, despite all the negative consequences for our country's economy and tourism," according to a clear warning given at the start of the Klagenfurt Timber Fair. Whereas the official forest-situation inventory of the Federal Government made in 1985 shows about 26 percent of the domestic forests to be damaged, there are reports of new acute stages of damage and unexpected developments.

Thus it turns out that it was evidently a great mistake to measure only the "classical" smoke damage due to sulfur dioxide, nitrogen oxides, and dust. The pollutant group composed of diverse organic compounds (hydrocarbons) that have increased explosively just in recent years has been constantly overlooked.

The study "Environmental Policy" of the advisory body for economic and social questions estimates that in 1980 a good 400,000 tons of sulfur dioxide, 221,000 tons of nitrogen oxides, about a million tons of carbon monoxide, and 150,000 tons of hydrocarbons were released into the air. However: Whereas the domestic policy makers have feasted on their success in lowering the amounts of sulfur dioxide by a third, at the same time the poisonous brew of hydrocarbons has swollen to an estimated 300,000 tons.

And it is just here that things become startling: Innumerable domestic and foreign studies show that these hydrocarbons play a central role in the synthesis of poisonous photo-oxidants, and that the sun converts these organic vapors quite thoroughly into plant poisons.

From the endless paper-tape printouts of the few but nevertheless existing measuring stations in Schoeneben (Upper Austria), Ostrong and Heuberg (Lower Austria), and at the Patscherkofel, it can be seen clearly that in periods of fine weather the measured values for ozone (which is the key substance for all photo-oxidants) are far in excess of that limiting value considered to be the maximum permissible level for human health in enclosed working areas.

Our domestic forests are being transformed quite slowly but surely into a "gas chamber," and the damage to the forest economy can be rated at a good 5 billion schillings per year. But the forest-situation inventory of the Federal Government gives values that permit any calculations of trends at all only from 1989 on. Officially, according to this inventory, 964,000 hectares of forest are damaged. Vienna leads the way, with 60 percent of tended forests, followed by Burgenland (with 59 percent), Vorarlberg (with 47 percent), and Lower Austria, with 38 percent. In this connection, Kaernten (11 percent), and Salzburg, with 12 percent, bring up the rear.

Measured by foreign forest inventories, these domestic values—which were framed back at the time of overall control by appeasement—minded Hofrat Guenther Haiden, who meanwhile has been awarded with a pension—are somewhat on the low side as estimates, to put it mildly.

The Austrian forest-situation inventory covers injuries and woodland diseases that become manifest in treetop thinnings and in structural changes in the treetops, without the causes of the damage being determined in detail. Moreover, only those forest stands are looked at that are more than 60 years old. To elucidate: In the Hapsburg-Lorraine forest enterprises, there is not a single tree that is more than 40 years old and also healthy.

The optimistic forest inventory of the Federal Government is readily shown in its true, poor light through reports by the separate provincial forest administrations. Thus, for example, Salzburg's provincial chief Wilfried Haslauer says that along the Salzach River 26 percent of the trees are already diseased, instead of the officially reported 12 percent.

Elisabeth Guggenberger and Helmut Voitl, who for years now have been criss-crossing the country for the Austrian Broadcasting Corporation on matters of the death of forests, also come to very interesting conclusions in their book on this subject that was produced this year, "Forest Death--Made in Austria" (Footnote 1) (Edition S. Verlag of the Austrian Government Printing Office), by way of a comparison of the situation in Bavaria, Austria, and Switzerland: They say that the forest, the basis for existence for the mountainous country of Austria, is dying not only because of air pollution, but also because of an official policy of appeasement and

inhibition, the jungle of jurisdictions, legal complications, federalism problems, and position battles with respect to management-labor relations.

For example, according to forest researchers Guggenberger and Voitl, in Bavaria as long ago as in 1977 it was seen fit to set up a region-wide "bioindicator network." Quote: "Austria's administrative body was not in a position to do this until 6 years later, namely in 1983, when the symptoms of the death of forests could no longer be ignored." Measured by Bavarian criteria, in Austria not a million hectares, but simply as much as 2 million hectares of forest area ought to be designated as damaged.

According to the book's authors, in the long term there could be dramatic developments in the situation of the protective forests in Austria (820,000 hectares), which furnish protection against avalanches, rock slides, soil slippage, and floods. "Observations indicate that the protective effect of these forests is being jeopardized by the action of immissions. The implications of this for the future are inestimable."

In this connection, Clemens Waldstein has a clear calculation on hand: If only 0.1 percent of this forest area—that is, 820 hectares—can no longer fulfill its function as a forest protecting against avalanches, then anti-avalanche structures would have to be erected, and assuming average construction costs of 5 million schillings per hectare this gives a sum of 4 billion schillings.

Bachelor of Commerce degree holder Scheiber, executive secretary for the Association on Agriculture and Forestry Policy: "We need to spend an additional 3 to 6 billion schillings for forest-saving measures each year, and in fact continuously and uninterruptedly for a period of 10 years--if this does not happen, the damage will be irreparable."

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24 November 1986